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

REGULAR MEETING

May 16, 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 CHRISTOPHER MOORE SARAH PALMER RICHARD QUIGLEY BILL STEVENS
DIRECTORS ABSENT:	NONE
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION BONI BREWER, COMMUNICATIONS SPECIALIST TOM PICO, ACTING HUMAN RESOURCES MANAGER JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum - None.

Item 4 - Minutes of the Regular Meeting of April 16, 2012

On a motion by Director Quigley with a second by Director Machaevich, the minutes of the Regular Meeting of April 16, 2012, were approved by a voice vote of 6-0 with Director Moore abstaining due to his absence from the April board meeting.

Item 5 - Consent Calendar

Director Quigley asked that Item 5c, Annual Review of Sustainable Water Supply for Zone 7 Water Agency, be pulled for further discussion.

Director Palmer moved and Director Greci seconded a motion to approve Items 5a and 5b. The following resolutions were approved by a roll call vote of 7-0.

Resolution 12-4193 Authorized the General Manager to approve Zone 7's continued participation in the Joint Exercise of Powers Agreement and for additional funding not to exceed $275,000 over the next three years. (Item 5a)

Resolution 12-4194 Approved extending the annual service contract with Davis & Associates Communications in an amount not to exceed $60,000. (Item 5b)

Director Quigley pulled Item 5c because he felt the Annual Report for Sustainable Water Supply should be heard as a discussion item with a full presentation on the June agenda. President Figuers continued the item until next month.

Item 6 - Staffing Updates

Item 6a - Employee of the Month Recognition

Ms. Duerig congratulated Willis Costello, Associate Control Systems Engineer in the Facilities Engineering Section, as the March 2012 Employee of the Month. Will is Zone 7's SCADA guru and in-house contact for control systems or telecommunication issues. The Board applauded Will, who was present with his son, Brandon. Director Stevens noted that in the past the Board had to approve SCADA contracts for Maintenance but Will is handling those tasks in-house.

Employee Service Awards: Staff played a video of Zone 7 employees who had received Service Awards at a ceremony for 5, 10, 15, 20 and 30 years of service. In addition there were employee nominations for awards in specific categories such as: The Fitness Buff (Mary Lim), The Dirtiest Job (Kevin Hulme), Laugh-Out-Loud (Wyman Hong), The Unsung Hero (Brad Ledesma) and The True Blue Award (Gerald DeWitt and Rhett Alzona).

Ms. Duerig encouraged Board members to look at the display of pictures of Zone 7 staff from Take Your Child to Work Day.

Item 7 - Presentation by Science and Engineering Fair Awardees

Boni Brewer, Communications Specialist, spoke about the Science and Engineering Fair which in past years was a tri-valley affair but this year was Alameda Countywide. In March at Chabot College in Hayward, Zone 7 judges viewed the projects from the Zone 7 service area. Two teams of students, one from Granada High and one from Livermore High, were recognized for their projects. This is also another way to recognize May as Water Awareness Month.

Maryann Gong and Uzair Mohammad from Granada High School were honored for their study entitled, "Using Acetobacter Xylinus to Produce Biological Filters." This related to filtration and removal of bacteria from drinking water by developing a filtration media made of cellulose fibers secreted by Glucanoacetobacter Xylinus. They found that the more tightly compressed cellulose fibers removed more bacteria.

Cody Lee, Hayden Goldstein and Kyle Tucker from Livermore High School were honored for their study, "The Efficiency of Different Water Turbines." This project was about increasing the energy efficiency of water operations by identifying the most efficient of the most commonly used turbines in rivers, dams and ocean waves to generate electricity. After constructing stainless steel replicas of four turbine types (water wheel, razor blade, fan blade and windmill), they tested how fast a particular turbine could lift a fixed weight at a fixed distance. They found that the water wheel was the most efficient turbine.

Both teams described their projects to the Board and audience. President Figuers presented each member of each team with a cash award and a certificate from Zone 7 acknowledging their accomplishment.

Item 8 - Update on Fleet Management Program

An update on the Fleet Management Program was requested at the April board meeting. Kurt Arends, Assistant General Manager, Engineering, provided a general outline of how Zone 7 vehicles are purchased and the decision-making process for replacing or purchasing new vehicles, along with guidelines for purchasing energy-efficient vehicles.

Director Quigley asked if any vehicles were assigned to individual groups or sections. With the current FTE of 100+ for Zone 7, a ratio of 1:2 seems high. He asked if there is a Best Management Practice (BMP) ratio or target and, if not, should there be?

When Director Quigley took the list of vehicles and estimated their current replacement value, he came up with a fixed, one-time cost for a fleet of $1.2 million. How are Zone 7's operating costs for maintenance and fuel tracked? According to his calculations, 24.4% of the 45 vehicles are over ten years old and several have low annual mileage. Do we want to have an asset management property goal? He stated that other water agencies are gravitating toward electric and liquid natural gas (LNG) vehicles and a number of standard fleets are being converted to LNG fleets, which are fiscally responsible options that might save significant money. He added that electric fueling stations are becoming more available and there is grant money for innovative solutions for fleets.

Director Quigley asked for clarification of the fleet cost components that are in the annual budget. GPS systems are used by other agencies to monitor maintenance and fuel costs, safety, location and the security of the vehicle's occupants. Several districts are exploring this technology. He asked the Board if they want to move forward and explore options for Zone 7?

Director Machaevich said some vehicles with low mileage are going to depend upon their "return on investment" but he feels it is worth looking at and doing research to see if Zone 7 can make improvements. Director Machaevich wants it understood that Zone 7 Maintenance and Operations Departments have done a good job, but we might be able to improve the situation in the future. LNGs and electric cars may have to be introduced into the system a few at a time.

Director Greci stated that when he looks at the ratio of employees to vehicles and average mileage, he doesn't feel a policy is needed because 1) he does not see abuse and; 2) vehicles do not need to be replaced because they are old. Maintenance trucks cannot be included because you will not find any that are electric and efficient; trucks are made to carry heavy weight and they do not get good mileage. He is not excited about electric vehicles right now.

The Board is getting into decisions that belong at the staff level according to Director Moore but the Board can raise the issue and see where it can be tweaked. He likes the idea of a GPS in vehicles. Perhaps some of the older passenger vehicles can be replaced (he noted we have four hybrids).

Director Stevens inquired into who does the maintenance on the vehicles. Ms. Duerig replied that there are outside vehicle maintenance contracts and they are bid on periodically. Recently the City of Livermore and DSRSD bid but their bids were not the lowest received.

Director Stevens questioned the safety of electric vehicles until the technology is proven. He asked why is the Board discussing this subject since it should be at the staff level and part of the Asset Management Program?

Director Palmer talked about the Europeans using diesels which are very efficient, cheap, and cleaner than gasoline, without the battery disposal issues associated with hybrid and electric vehicles.

President Figures' complaint against electric vehicles is that a replacement battery will cost $10,000 at ten years of 50,000-80,000 miles. Although they are used for different purposes, he agreed that some of the Zone 7 cars can be eliminated.

Ms. Duerig reassured the Board that when vehicles are due for replacement, such as this year when one sedan and two trucks came up for replacement, all factors were considered. The two trucks were large maintenance trucks and the need was ongoing so they were replaced; however, the sedan wasn't being driven much so it was surplused. If it was needed as in past years, we would be looking at alternatives such as whether electrical, diesel or hybrids, and that is done on a case-by-case basis. A policy that is going to be consistent may not be appropriate now when technology is still evolving.

Director Palmer agreed that it is more of a staff policy than a board policy.

President Figuers asked for comments from the public. Randy Werner, City of Livermore, said that the City of Livermore will be more competitive next time in submitting bids for maintenance of Zone 7 vehicles.

Mr. Arends added that fuel costs are $50,000-$60,000 annually and maintenance is in the $110-$140,000 range and that includes tires, oil changes, car washes, and repairs so the total annual maintenance is $200,000 or less.

The recommended action for the agenda item was to discuss and provide direction to staff. Director Moore said he would move to accept the report as information and handle the subject appropriately but it does not need to be done now. Director Stevens withdrew a motion he began on moving the subject to the staff level. President Figuers asked General Counsel David Aladjem if formal action can be taken at this board meeting. Mr. Aladjem responded that the Board can discuss and provide direction so a motion would be appropriate but the motion had been withdrawn.

<u>Item 9 - Consider Increasing Director's Compensation</u>

Ms. Duerig introduced Tom Pico, Acting Human Resources Manager, who was present to answer any questions the Board had on the agenda item. Options were presented in the item and staff was looking for feedback from the Board.

Director Stevens noted that Zone 7 staff has not had a raise, so he feels a show of good faith would be Option 1 – maintain the current level of Board compensation.

Director Moore agreed it is about public service and not about the money. Since Zone 7 staff has not had a raise, it is appropriate for the Board to not have an increase so he also supports Option 1; however, at some point in the future, an increase would be appropriate.

Director Stevens feels that an increase in compensation would be an incentive to run for Board vacancies.

President Figuers countered that if money is an incentive, why aren't board seats throughout the valley more popular (i.e., the BART Board which pays better). Zone 7 Board compensation is a stipend that pays the gas. Historically Zone 7 has had people on the Board who want to look at "The Zone" for water, not for the money.

Director Greci said the Board is here for the public who voted them on the Board to take care of their water and their flood issues; leave the compensation as it is.

Director Quigley agreed but said if people go to meetings and are not retired, they use a vacation day from work and lose money. The Board needs to look at how the Zone 7 Board compensation compares with other neighboring agencies.

President Figuers noted that non-retirees do have to take time off from work to attend meetings and conferences and Zone 7 does not have a policy to compensate directors unless they are attending a committee meeting.

Director Greci discussed his experience attending meetings with Ms. Duerig to discuss separation from the County. He saw how meetings were prolonged and/or continued because participants are paid for every meeting they attend – nothing was accomplished at the meeting because they already knew what Zone 7 representatives were going to say – they were just there to draw a check from their district. Compensation for meetings other than Board meetings can be abused.

President Figuers said meeting attendance could be done under defined circumstances, not under a blanket, such as expanding ACWA meeting to twice a year but tours should be considered educational.

Director Palmer said if a board member is representing the Board, they should be compensated, but tours or activities not in the Board's interest should not be compensated.

Ms. Duerig clarified that the current policy allows the Board to authorize compensation for meetings so whether it is an ACWA meeting or with DSRSD, if the Board authorizes it, the current policy already allows it.

Director Palmer asked specifically about meeting with a person from another agency? Ms. Duerig repeated that the Board can authorize it just like attendance. Director Palmer feels that nothing needs to be changed.

Ms. Duerig said it could be a blanket authorization or on a case-by-case basis.

President Figuers wants to bring the subject up again next month and talk to Ms. Duerig and staff about what board authorization means and come back with scenarios for discussion.

As a consultant, Director Machaevich sees it differently. If there are meetings where feedback is given to fellow Board members, maybe a schedule of minimal fees for different occasions could be developed to show that Zone 7 values their judgement and acknowledging that the Board members are working for them and deserve to have finances offset for taking time off from regular jobs to attend a meeting; the public does not expect them to do it for free.

Angela Ramirez Holmes, a Pleasanton resident, spoke during the public comment session to clarify that the options are for compensation for meetings, not total benefits, so she suggested that when comparing to other agencies, it is not “apples-to-apples” when comparing $159 to $170 per meeting. The chart has to be used and add up what the total compensation levels are to get an accurate picture of what is being compared. It is about how many meetings per month and total compensation so if it is something the Board is going to consider, make accurate comparisons with other agencies. The options in the staff report are limited and if the Board is unclear that they can be reimbursed for certain meetings, then clarify what the word “meeting” means. There is a policy but perhaps it is not explained or practiced, i.e., if Director Palmer has to take a day off of work, that is a meeting and a reimbursable activity. Most people who do public service do not do it for the money, but for transparency purposes, the public has an accurate vision as opposed to saying compensation is $159 to $170. What is the average amount of meetings that are reimbursed? Because $159 per month for a different number of meetings would increase the total, it is calculated in a different way to make it more efficient and streamlined so that it is not per meeting but per month.

President Figuers asked General Counsel David Aladjem if the Board is obligated to have a discussion on Board compensation every other year. Mr. Aladjem answered that the Board is only allowed to have the discussion once a year but not obligated to have it every year.

Director Moore said when Ms. Duerig needs to have a Board member accompany her to a meeting, the Board member should be compensated at the Board meeting rate. The Board should not have to approve it and it should be part of the board policy.

Ms. Duerig suggested that when this topic is brought back next month for further discussion, the policy be attached and the Board can decide if there needs to be a better definition or clarity in the policy itself.

Director Stevens suggested a cap and that Board approval would be needed to go above the cap.

Director Quigley noted that a number of agencies have a maximum number of meetings noted in a separate column so the reimbursement limit is clear.

Director Moore acknowledged that the Board might want to do something to spur the interest of people to participate in public service and serve on boards; it shouldn’t be driven by compensation but it should be there to help. Also the Board is involved in more political activity than in the past.

President Figuers commented that he thinks Board members are going to more meetings than in the past, i.e., separation and delta, where people are attending meetings for a day. He is on a Groundwater Committee for ACWA and drives to Sacramento for subcommittee meetings where he is only reimbursed for mileage.

Ms. Duerig promised that the item will be brought back to the board next month with the policy attached and maybe a few more suggestions based on the discussion and ideas from the Board.

Item 10 - Committees - None.

Item 11 - Reports - Directors

a. Verbal comments by President – none.
b. Written report by Director Quigley

Director Quigley repeated that he attended the ACWA Spring Conference in Monterey as reported in his written report. There is an ACWA Region 5 tour June 3-4 of the Irvington Tunnel that San Francisco Water is building to upgrade their 167-mile Hetch Hetchy pipeline.

President Figuers attended a small vendor meeting at the ACWA Conference on design and maintenance of water tanks: concrete, welded steel, and riveted steel. He commented how Zone 7's costs as a water district are being exploited by government regulations. All tanks are now considered confined spaces. Divers in huge tanks have to go into 90 degree water in full wet suits and diver's skin cannot be exposed to the drinking water because of contamination issues. He said he has a greater appreciation for maintenance on Zone 7 tanks.

Director Moore commented on the influence Zone 7 staff has on State Water policies. At the ACWA conference, he witnessed General Manager Jill Duerig and Consultant Carl Morrison helping to preserve the Anadromous Fish Committee at ACWA as a collaboration opportunity.

Item 12 - Items for Future Agendas – Directors - None.

Item 13 - Staff Reports (Information items.)

a. General Manager's Report
b. Recent Outreach Activities
c. Recent Employee Activities
d. Legislative Update
e. Status Report on Separation Efforts
f. Walker Ranch Conservation Easement Management Plan and Endowment
g. Status of FY 2011-2012 Conservation Activities Staff Report
h. Update Related to the Bay-Delta Conservation Plan
i. Flood Control Program 2011 Annual Report
j. Verbal Reports

Ms. Duerig gave a verbal report on the 50th anniversary celebration of the South Bay Aqueduct by the Department of Water Resources. Zone 7 was one of the first to get water from the South Bay Aqueduct. It was the beginning of Zone 7's Groundwater program, artificial recharge and integrated water use.

Director Greci commented on Item 13f, Walker Ranch Conservation Easement Management Plan and Endowment. He looked at the astronomical costs that Zone 7 has paid to maintain the Walker property incurred as mitigated property in order build the Dyer Reservoir and the Altamont Treatment Plant. He complimented Rhett Alzona, Senior Engineer, Facilities Engineering Section, on how professionally and efficiently Mr. Alzona handled a meeting requested by Director Greci with Tim Koopman from the Koopman Ranch, Darryl Sweet from the California Rangeland Trust, and Sheila Barry from the Alameda County Farm Bureau. As a result of Mr. Alzona's efforts, Zone 7 has developed an alternative proposal which might save the agency around $400,000 to $500,000. In the beginning, Zone 7 was going to be one of the first agencies to be involved with conservation easements and set an example for other agencies while saving money for the agency. Director Greci stated that it is the only way to get things done politically and it is smart business to do it right.

Ms. Duerig said the conservation easement was required by the California Department of Fish and Game and U.S. Fish and Wildlife. Both state and federal agencies require that projects such as the pipeline and the treatment plant mitigate impacts that they were going to have on habitats. The general rule of thumb is that if an acre of property is impacted, three acres of property will be conserved as mitigation. The Altamont treatment plant site was about 30 acres so the mitigation site was about 100 acres. Zone 7 was required by both the state and federal agencies to have a conservation easement as mitigation for the project.

President Figuers thanked the two Granada High School Science Fair students, Maryann Gong and Uzair Mohammad, who stayed for the entire board meeting.

The Board went into closed session at 8:55 p.m.

Item 14 - 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 15 - Open Session and Report Out of Closed Session

The Board came out of closed session at 10:15 p.m. President Figuers said there was nothing to report out of closed session.

Item 16 - Adjournment

The meeting was adjourned at 10:16 p.m.