

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

REGULAR MEETING
May 19, 2010

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

DIRECTORS: JOHN GRECI
 STEVE KALTHOFF
 CHRISTOPHER MOORE
 SARAH PALMER
 DICK QUIGLEY
 BILL STEVENS

DIRECTORS ABSENT: SANDS FIGUERS

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
 ROGER PETERS, BEST BEST & KRIEGER, SPECIAL COUNSEL
 VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS
 JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE
 KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
 JARNAIL CHAHAL, ACTING PRINCIPAL ENGINEER
 BONI BREWER, COMMUNICATIONS SPECIALIST
 GINGER STATON, HUMAN RESOURCES ANALYST II
 ROBYN NAVARRA, ACTING WATER CONSERVATION
 COORDINATOR
 BRAD LEDESMA, ASSOCIATE ENGINEER
 JUDY RECTOR, ACTING BOARD SECRETARY

Item 3 – Citizens Forum: None

Item 4 – Minutes of the Regular Meeting of April 21, 2010

Director Greci moved and Director Palmer seconded the minutes of the Regular Meeting of April 21 after corrections to the minutes by Directors Palmer, Stevens and Quigley. The vote was 6-0 with Director Figuers absent.

Item 5—Consent Calendar

On a motion by Director Stevens and seconded by Director Palmer, Consent Items 5a, 5b, 5c and 5d were approved and the following resolutions were adopted by a roll call vote of 6-0 with Director Figuers absent.

- Resolution No: 10-3400 Authorizing the General Manager to negotiate and execute a professional services contract with DTN Engineers, Inc. for electrical engineering support services for the period July 1, 2010, through June 30, 2011, in an amount not to exceed \$167,650. (Item 5a)
- Resolution No: 10-3401 Authorize the General Manager to negotiate and execute a professional services contract with Psomas, Inc., for drafting support services for the period July 1, 2010, through June 30, 2011, for an amount not to exceed \$97,000. (Item 5b)
- Resolution No: 10-3402 Request and recommend that the Board of Supervisors of Alameda County Flood Control and Water Conservation District approve said quitclaim of easement and authorize the President of the Board of Supervisors to execute same. (Item 5c)
- Resolution No: 10-3403 Authorize Directors Sarah Palmer and Sandy Figuers to attend a conference entitled, "Toward Sustainable Groundwater in Agriculture: An International Conference Linking Science and Policy," to be held in Burlingame from June 15-17, 2010, and that they be reimbursed for actual and necessary expenses associated with their attendance at this event. (Item 5d)

Item 6 - Staffing Updates

Item 6a – New/Returning Employee Introductions

General Manager Jill Duerig related that the May Board meeting is exciting because of Water Awareness Month and the opportunity to talk a little more about staff, the community, and the science fair. After employee introductions, a video that was put together for the Annual Service Awards presentation was played for the Board and audience.

Linda Van Buskirk – Secretary- Del Valle Water Treatment Plant

Linda joined Zone 7 on Monday, April 19, 2010 as a Secretary at the Del Valle Water Treatment Plant, reporting to Judy Rector. Linda comes to Zone 7 with over 20 years of experience in the legal and real estate fields, most recently with Zenith Insurance Company. She is a California Certified Legal Secretary and holds a California Paralegal Certificate from UC Santa Cruz. She became intrigued with water when part of her paralegal class included a water law class and then she even came to a couple of Board meetings while she was taking that course because she found it fascinating.

Amparo Flores, Associate Civil Engineer/Professional Geologist

Amparo Flores re-joined Zone 7 April 19 as an Associate Civil Engineer/Professional Geologist in the Water Supply Engineering Section at North Canyons, reporting to Jarnail Chahal. Amparo is a registered Engineer and comes to us with several years of engineering experience, including 5 years with Malcolm Pirnie, Inc. and 2 years as an Assistant Engineer in our Environmental Quality group. She received her Bachelor's in Environmental Engineering Science from UC Berkeley and her Master's in Civil and Environmental Engineering from the Massachusetts Institute of Technology. She left Zone 7 to go to Cambridge University in England to obtain her PhD in Sustainable Development and we were lucky to lure her back while she is completing her degree requirements.

Item 6b—Employee of the Month Recognition

Carol Mahoney, Associate Civil Engineer/Professional Geologist, has been chosen from among those nominated as the March 2010 Employee of the Month. Carol has been handling many tasks with Chain of Lakes properties and doing an outstanding job. For several years, in addition to her normal duties, Carol has been the coordinator of our Annual Holiday Party and has consistently made that gathering a success. Carol is always promoting morale around the Agency and her co-workers appreciate that; in fact, it was suggested that she should be Employee of the Year.

Ginger Staton, Human Resources Analyst II, played a video she created for the “Annual Service Awards” and the “Zone 7 Hall of Fame.” The Hall of Fame idea came from Ginger and since she took it upon herself to put this video together, she got a “blue” mention in the Employee newsletter for taking on this task. She also noted posters at the back of the room for the Service Awards Ceremony and the annual “Take Your Children to Work Day.”

Item 7 –Presentation by Science & Engineering Fair Awardees

Boni Brewer, Communications Specialist in the Outreach Division, stated that we were honoring young people in the community who were recognized by the Zone 7 judges for their water-related projects at the Tri Valley Science and Engineering Fair which was held on March 31 in Livermore. Two Zone 7 employee volunteers (Diana Gaines and Elke Rank) judged the projects and they came up with six winners, two teams of two and two individual winners, both in the individual and senior categories. They were invited to make presentations to the Board so they could be recognized and honored in a public setting with a little cash incentive and helping to recognize Water Awareness Month.

Two of the winners, Paul Epperson and Steven Wang, from the Livermore Charter School, just came back from Southern California where the same project won a second place award in the environmental engineering category at the California State Science Fair.

Diana Gaines, Zone 7 Senior Engineer, was one of the judges and introduced the students:

- **Bianca De, Windemere Ranch Middle School**, who got a junior (grades 6-8) individual award for her study entitled, “Can the Sun Make Seawater Drinkable?”
- **Dibya Jyoti Ghosh and Vishal Manickam, Iron Horse Middle School**, who got a junior (grades 6-8) team award for their study, “Desalination.”
- **Paul Epperson and Steven Wang, Livermore Valley Charter School**, who received a junior (grades 6-8) team award for their study, “Creating an Energy-Efficient Solar-Powered Water Desalination Apparatus.”
- **Alina Sinclair, San Ramon Valley High School**, who got a senior (grades 9-12) individual award for her study entitled, “The Effect of Artificial Turf Athletic Field Runoff on Planaria Dugesia.”

The students discussed the details of their project and how they came to their conclusions. Board President Quigley had a picture-taking session with them, gave them their certificates, and their cash prize of \$40 each.

Item 8 – Water Conservation Activities and May Water Awareness Month

Robyn Navarra, Water Conservation Coordinator, updated the Board with a discussion of various water conservation activities. In June the Board agreed to pilot an expanded conservation program. Three major areas of conservation were identified by staff in the pilot expanded plan: residential; commercial, industrial and institutional (CII); and schools. Staff evaluated the current programs such as expanding the HET program to include commercial and multi-family customers. The high efficiency washer program was expanded to include multi-family, Home Owner Associations, condos, and common area users like apartment buildings. Also added was a large landscape audit survey pilot program which addressed outdoor water use. The schools program provided financial funding assistance for indoor hardware and outdoor irrigation hardware.

Added was an educational component to train plumbers for the GreenPlumbers USA accreditation program for the Tri-Valley area. Zone 7 also joined forces with the Alameda County Master Gardeners program which provides educational and public outreach to the community on sustainable horticultural practices.

Robyn credited Gerry Gates, Zone 7 Geographic Information Systems Analyst, a computer guru, for helping develop a computer program to track rebates, E-rebate.com, to make sure reports were accurate and the master data base could be sent to retailers so they can generate reports. Since March 1, 190+ e-rebates have been processed.

SpotWater Management conducted large landscape audits along with representatives from DSRSD and the City of Pleasanton. Twenty-six large landscape audits have been completed based on the twenty highest water users in each business community. SpotWater did audits, walked properties, turned on systems, and evaluated what was currently being done. Zone 7 received 12 complete reports as of May 19. After reviewing reports, it was discovered that if these 12 businesses changed their behaviors, changed their timers, checked their sprinklers, did maintenance, and turned down pressure, we would save approximately 300,000 gallons of water a year. Education is a big component for schools and community and there are ways to conserve even with little steps.

The Schools Program did outdoor audits, evaluated large landscape areas, and looked at water consumption for indoor and outdoor use. Zone 7 wanted to make it a classroom component because kids tell parents everything when they are little so water conservation kits on how to measure water, and with aerators and showerheads in them, were given to kids to check their home use. Regal movie tickets were given as prizes for kids that followed through by bringing back the information regarding water use at home.

An 18-week training class for a GreenPlumbers USA program was held at the Parkside facility. Thirty people registered and Zone 7 sponsored six from businesses in the Tri-Valley area. They had to pass the test to get accreditation. Now Zone 7 is looking at doing a Request for Proposals and including the people who are GreenPlumbers in the process for possibly a direct install program for elderly and low income population. Sometimes elderly or low income customers are able to purchase toilets but do not have the means or can't install them, so this program would reach out to those people in the community. GreenPlumbers is also knowledgeable in climate control, solar energy, water, and recycling.

In addition, Zone 7 participated in the UC Board of Regents Master Gardeners Program. Master Gardeners had done the Martinelli Center with all drought-tolerant plants and sprinkler irrigation. Twelve volunteers trained at the Parkside facility and passed, so we have 12 certified master gardeners who can educate the community on sustainable horticulture, drought tolerant plants, and waste.

Businesses from Livermore Valley area applied for green business certification and invited Zone 7 to participate in the water conservation part of their green business program application. Requirements of the green business program are that you have to meet energy, waste, water conservation requirements, and recycling. Zone 7 evaluated current practices at two businesses, Wente Vineyards and Event Center and Livermore Valley Winegrowers Association (their business area). Based on evaluations of how they could better improve their business for energy, waste and water use, they were awarded Green Business certification by Alameda County. Bob Giddens, Maintenance Supervisor and Kevin Zollinger, Executive Vice President of Winegrowing, were recognized as one of the first green businesses in the valley.

Ruby Hill Golf Course sent a letter asking if there were any type of incentive programs for irrigation. They did the study, looked at their property, and decided they could improve on their water consumption use. Ruby Hill representatives Brad Griffing, Assistant Superintendent, and Steve Akins, the Golf Superintendent, accepted a \$5,000 check for the irrigation rebate program.

Item 9 – Annual Review of Sustainable Water Supply for Zone 7 Water Agency

Brad Ledesma, Associate Engineer, presented the details of the annual review of the sustainable water supply for Zone 7. On August 18, 2004, Zone 7 Water Agency (Zone 7) adopted the Reliability Policy for Municipal and Industrial (M&I) Water Supplies (Resolution 04-2662). Resolution 04-2662 requires that Zone 7 staff complete an annual review of sustainable water supplies.

The review this year covered the following:

- Projected Water Demands: Next Five Years
- Available Water Supplies to Zone 7 at the Beginning of 2010
- Comparison of Supply and Demand: Next Five Years
- Programs Necessary to Meet Water Demands

The review completed indicates that Zone 7 has sufficient water supplies to meet projected water demands over the next five years with or without additional water conservation.

However, Zone 7's long-term water supply is at risk and subject to a very uncertain future due to recent court rulings, biological opinions associated with the Sacramento-San Joaquin Delta, and climate change. In response, Zone 7 staff is developing a Water System Master Plan update (WSMP) and revising the Urban Water Management Plan (UWMP) to address long-term water supply programs and projects necessary to meet projected water demands through buildout of adopted general plans.

Zone 7 staff previously projected that water demands would increase by approximately 8 percent between 2009 and 2013. This reduced projected water demand likely reflects recent water conservation efforts in the Livermore-Amador Valley associated with the current drought and the economic slowdown.

Main points of the presentation:

- Senate Bill SBX7-7 (20 Percent Reduction by 2020).
- Available water supplies to zone 7 at the beginning of 2010
- Projected Yield from Contracted Water Supplies in 2010
- Available Storage at the Beginning of 2010
- Comparison of Supply and Demand: Next five years
- Programs Necessary to Meet Water Demands
- Local Water Rights: Arroyo del Valle Runoff
- Water supply contracts: Contracts with DWR (State Water Project (SWP); Byron Bethany Irrigation District (BBID))
- Local Storage: Main Groundwater Basin; Chain of Lakes – Lake I and Cope Lake
- Non-Local Storage: Semitropic Water Storage District; Cawelo Groundwater Banking Program

Director Stevens stated that we were supposed to revisit our reliability but said we cannot do that until finished with the numbers. Brad agreed and said that as we are putting together the Water System Master Plan and the various options open to us, we will be looking at the cost of the reliability policy. Director Stevens asked when we will be done and Brad responded that they are hoping that the plan will be done by the end of the year.

Director Quigley commented that it was a great report of reliability for the short-term, 5 years, but he has to refer to Resolution No. 04-2662 where Goal #1 was to “meet 100% of its treated water customers water supply needs in accordance with Zone 7’s more current Contracts for M&I Water Supply, including existing and projected demands for the next 20 years as specified in Zone 7’s Urban Water Management Plan, (UWMP), which will be coordinated with Zone 7’s M&I water Contractors.” Director Quigley emphasized that is why that UWMP is so important because that is coordinated with the M&I users and so short term, it is a great 5 year report, but beyond that he would like to see security because our groundwater basin is like a gas tank; if we lose our conveyance for storage in Cawelo or Semitropic for SBA glitches, he is worried about the conveyance.

Director Palmer noted the Wanger court ruling down south where they are talking about giving water back to the farmers.

Assistant General Manager Vince Wong said the decision hasn’t been fully analyzed yet because it just came out but for this year it won’t mean much because it effects the first half of the year. If it goes into effect we might get a little more water in June. Long term this will effect next year or the year after if the decision holds up and carries over to the Delta smelt as well, and some think the 60% long term yield might get half way back up to where we were before the regulations hit us.

Item 10 – Professional Services Contract with Kier & Wright, Civil Engineers & Surveyors, Inc. for Surveying Support Services

Kurt Arends, Assistant General Manager, Engineering, explained that this contract with Kier & Wright Civil Engineers augments staff abilities in surveying services on an as-needed basis. The third year of the annual contract with Kier & Wright is larger because there are funds to help support the Flood Control program. Zone 7 agreed to re-do the Development Impact Fee Assessment and in the process of doing that there will be additional surveying support needed to get field information on existing creeks and conditions.

Director Palmer moved and Director Greci seconded the motion to adopt the resolution authorizing the General Manager to execute a professional services contract with Kier & Wright Civil Engineers for fiscal year 2010/2011 in an amount not to exceed \$204,200. There was a voice vote of 6-0 with Director Figuers absent. (Resolution No. 10-3404).

Item 11 – Award and Approval of External Auditor Services Agreement

Assistant General Manager, Finance, John Yue introduced the next agenda item on the award and approval of an external auditor services agreement. An external audit provides independent assurance of the full disclosure of the financial condition of the Zone and promotes public confidence in Zone 7. It is also a requirement of the Installment Sale Agreement entered into with Wells Fargo Bank in January 2008. The most recent external auditor contract with Low Accountancy expired upon completion of the audit for fiscal year ending June 30, 2009. A Request for Proposal for External Auditor services was sent out and eight responses were received.

After review by staff, Maze & Associates was chosen as the most qualified and highest ranked. Staff recommended that the Board award the external auditor services contract for the next five years to Maze & Associates for a not-to-exceed amount of \$119,173 and authorize the General Manager to exercise the two one-year optional terms if it meets the needs of the Agency.

Director Palmer made a motion and Director Kalthoff seconded the motion. A roll call vote was called and the motion carried by a vote of 6-0 with Director Figuers absent (Resolution No. 10-3405).

Note: Director Stevens asked that Item 13 (Del Valle Branch Pipeline Failure and Repair) be heard before Item 12 (Zone 7 Separation from Alameda County) because there were visitors in the audience and that discussion would go quickly. Director Quigley asked the remaining members of the Board if they agreed and Item 13 was heard before Item 12.

Item 13 – Del Valle Branch Pipeline Failure and Repair

Jarnail Chahal, Acting Principal Engineer, explained that the Del Valle Branch pipeline is the pipeline that connects Lake Del Valle to the South Bay Aqueduct. On December 22, 2009, we had a break near the dam and this presentation included pictures of the break and a brief overview of the system, the work progress, and the costs.

Last November, the Department of Water Resources (DWR) began an eight-week planned outage on the South Bay Aqueduct (SBA) to accommodate work related to the SBA Enlargement & Improvement Project. During this planned SBA outage, the only source of surface water supply for the three SBA contractors was from Lake Del Valle via the Del Valle Branch Pipeline (DVBP). DWR was feeding the South Bay Aqueduct from Lake Del Valle and the Patterson Pass Water Treatment Plant was offline.

On December 22, 2009, a landslide occurred on Wentle property due to a leak from the DVBP adjacent to the surge tank and about 370 feet of the 60" pipeline was damaged or destroyed. The landslide also caused damage to Wentle property.

During the 20-day period from December 22, 2009 to January 11, 2010, Zone 7 relied on groundwater wells to meet M&I demands before DWR started surface water deliveries from the South Bay Pumping Plant. DWR mobilized immediately to begin clean-up and repair work. Repair work included: excavation and remediation of the slide area, removal and relocation of the existing surge tank, raising the surge tank by 10 feet, replacing 373 feet of Pre-stressed Concrete Cylinder Pipe (PCCP) with 60-inch steel pipe, reinforced

concrete encasement of 468 feet of new and existing pipe on the northern side of the surge tank and encasement of 290 feet of existing pipe on the southern side of the surge tank, and repair damaged utilities.

DWR completed the installation and encasement of the existing and new steel pipe on April 29, 2010 to facilitate deliveries from Lake Del Valle via gravity flow. The pipeline was filled on April 29 and releases from the lake began on May 10, 2010. Completion of the slide repair and surge tank relocation is anticipated by late June 2010 and re-vegetation, paving and clean-up is scheduled for completion by early August 2010. In January of 2011, DWR will come back and encase about 200 feet of the existing pipeline between the dam and the surge tank.

The total cost for repairs and damages is estimated to be around \$12M. Zone 7's share of this total cost is about 53%. Since DWR will be capitalizing this cost, Zone 7 will be paying as part of our annual SWP charges through 2035. DWR has also identified additional sections of the 60-inch PCCP pipeline near the Del Valle Pumping Plant for encasement during January 2011.

Director Kalthoff inquired about why DWR was waiting until January to do the final. Jarnail replied that that portion of the pipeline is not close to this leak area so DWR could not do that under emergency conditions. They have to go through the permitting process and do CEQA work, so they couldn't do actual construction until next year.

Director Quigley asked when they come back on the next section in January, will we have an outage for a period? Jarnail said by then they will have deliveries by South Bay pumping plants.

Director Palmer asked if it is a significant increase in flow going from a 6" to a 12" to Wentle, and asked if the 6" was not enough to meet their original demands? Jarnail responded that it will increase Wentle's operational flexibility.

Director Stevens asked how long ago that pipeline was installed? And if encased in concrete, how long will that extend the life of that pipeline? Jarnail answered that the pipeline was installed in 1967 and that a reinforced encasement is like putting a new pipeline in. The encasement acts as basically a reinforced tunnel if the original pipeline were to rust. Director Stevens asked that if you encase a pipe in concrete, does that extend it another 10 or 20 years?

Assistant General Manager, Engineering, Kurt Arends replied that in this case it was a poor selection of pipe type and a bad application. Director Stevens asked if it was more cost effective from a long term stand point rather than burying the problem by dumping concrete on it. Kurt added that DWR made the final choice in order to get back on line quicker so timing was a consideration. Director Stevens said he understood for this repair but what about for the 200 feet coming up?

Jarnail said that DWR is going to look at replacing the pipe for the next 200 feet instead of encasing it. They are going to do an analysis of the cost of the pipe and how long the pipe will last.

Director Stevens said it worries him that they already concrete encased it before they found a new leak so that tells him it does not take the place of a pipe.

General Manager Jill Duerig explained that the new leak they found was near Milpitas when they got the whole line pressured up. It wasn't near the newly-encased section.

Director Quigley said that he and Director Greci have been out there looking at the work and the crews and it is something to see.

Note: Return to Item 12

Item 12 – Zone 7 Separation from Alameda County

Vince Wong said he was addressing the Board as a member of the Management Advisory Team (MAT), not as an Assistant General Manager. The Management Advisory Team has been working on the separation issue for about two and half months so the presentation is on the recommendation of the Team in regards to that separation. The MAT isn't the only group working on separation. Management has been working with the Joint Labor Management Team (JLMT) that is the Unions as well as the unrepresented groups. They have been doing that since Management Partners, Inc. presented its interim report to the Zone 7 Board on its analysis of whether the existing County support services best met the needs of Zone 7. A draft Final Report was presented to the Zone 7 Board on September 16, 2009, identifying certain inefficient use of labor and redundant work processes along with some cost saving potentials.

Background on MAT: a) formed in October 2009; b) have 11 managers from 4 major divisions of Zone 7 plus 2 alternates that helped work on the separation issue, c) created to advise the General Manager in four major areas:

- Invent the new Zone 7 Water Agency,
- Improve the Zone culture,
- Promote positive leadership, and
- Provide for future leadership.

The Board had a chance to meet the MAT team about seven weeks ago when there was a joint meeting with them with regard to the culture, where we are and where we would like to go. MAT's involvement in separation began February 24th when asked to develop a timeline with regard to the separation process: are we going fast enough or too slow? The MAT group came to the conclusion that "sooner is better than later" so employees can stop worrying about consequences of the separation.

In order to prepare for a survey to gauge employee opinion, they thought it was important to have the best information the MAT group could put together and two types of documents were used: In preparation for the survey, the MAT group generated and distributed two information sheets: County Separation FAQs and Zone 7 Separation from Alameda County - Why Now? For the Frequently Asked Questions (FAQ) information sheet, MAT solicited questions from all Zone employees and the union representatives.

MAT surveyed the employees from April 19 through April 30 through an on-line opinion survey (SurveyMonkey.com). Confidentiality of the response was maintained by the on-line survey service provider – even from the MAT/Zone 7 survey requester. The survey itself was a simple two-part survey as follows:

1. *Please rate the following statement:*

"I believe separation from Alameda County will be beneficial to Zone 7 Water Agency."

Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

2. Why?

Ninety-two of the 105 Zone 7 employees responded to the survey, and 55 employees provided comments. The survey results are summarized as follows:

Strongly Agree/Agree	51 (55.4% of the respondents)
Neutral	17 (18.5% of the respondents)
Strongly Disagree/Disagree	24 (26.1% of the respondents)

Of the 55 comments, 33 were positive and supportive of separation, 16 were negative or somewhat negative towards separation, and 6 were “neutral”. The positive comments echoed many of the benefits provided in the two information sheets. The negative comments generally fell into the categories of unknown/uncertainty, lack of information, loss of benefits, and lack of confidence/trust in agency management. More than half of the negative and neutral comments stated that they felt that there was still a lack of information regarding the type of agency Zone 7 would become, the benefits the employees would be offered, and the direction of the new agency. A couple of the comments raised the issue of privatization; but, clearly, the Agency would not be able to retain ownership of its principal assets (e.g., physical plants, right-of-way, and State Water Project contract) as a private entity. The MAT group feels that more information will be provided to employees as we pursue separation. The MAT team feels that it is very important to communicate with the employees, and to involve them throughout the entire process.

The MAT group recommends continuing to pursue separation and enhancing communication with all employees during the separation process. It is anticipated that it will take approximately six months to complete this next phase of separation, and two to four years to fully implement and complete the separation process.

The Zone 7 Administrative Committee met on May 12, 2010, and approved staff’s recommendation on separation and in forwarding the matter to the full Board for action.

Vickie Carson, representative for IFPT, Local 21, spoke before the Board to reflect on what has happened regarding the separation question. The Management Partner Study came out in a tight time frame and brought out a lot of employee questions and concerns, and employees felt upset that they had not been part of the process but wanted to be. Their questions regarding the future of the agency, what their employment would look like, etc. could not be answered in a short time frame. She spoke to the Administrative Committee before about the importance of transparency and inclusiveness in the process. A Joint Labor Management Committee to discuss separation came from that idea and started in September with all Unions participating with Management. The Committee has been attempting to meet on a monthly basis with varying degrees of success. The purpose of the committee was to provide members with clear and accurate information, a clear vision of what Zone 7 would look like, to provide a forum to discuss ideas, examine impacts, clarify issues and answer questions. Local 21 members have not made a decision about this issue. They have not weighed in one way or another on whether they think it is a good idea or a bad idea. They are still seeking answers and have not been given enough information to make a fully informed decision. They have not heard answers to what they thought were fundamental questions and questions they thought would be addressed and answered as part of the committee process, i.e, questions like what type of agency Zone 7 will be? Whether flood control duties will remain part of the Zone 7 mission? What are the structural models that will be looked at and what would replace the current County HR system and Civil Service Rules? Critical questions for members and employees of Zone 7. By adopting the resolution, make sure we don’t undermine the process that they have been engaged in for past six to eight months (JLMT). Committee needs to be fully productive (has not met since March), transparent, and continue meaningful discussions about the future of Zone 7.

Director Stevens asked Ms. Carson if she had read the FAQs? When she replied in the affirmative, he asked why she thought they didn't answer some of the questions she had relayed. She said they lack detail and after the presentation tonight, she feels they have a long way to go. Her concern is that there is a vision of what Zone 7 will be that has not been shared with them but maybe it is an evolving vision. Are you going to be a MUD or what are you going to be?

He also asked if she had read the Why Now? document. He read both of them and thought they were as clear, truthful and succinct as possible. This process was not started by this Board this year. It has been going on for years. In this situation it is not going to die but they could make the decision not to change; the Board may decide it can't change.

In response to the question about flood control duties, Director Palmer stated that the Board came out in Open Session saying that they wanted to make sure that they maintained flood control.

Gus Feldman, Representative of Service Employees Union Local 1021, said this is his first opportunity to address the Board. He stated that they are not in opposition to the resolution but do want to express concerns regarding events preceding the presentation of the resolution. With the formation of the JLMT, and the limitations of so many variables, he felt they were not receiving comprehensive information they could bring back to the membership; therefore there was anxiety, some expressed in the survey or in 2009. The establishment of the JLMT was a step in the right direction; however, in the March meeting, the concept of the survey was presented but their understanding was that they would be able to review a draft of the survey before it went out to members. Instead the draft survey was sent by e-mail to them on the 16th then on the 19th it was sent to members which took them by surprise. The JLMTs were being held the fourth Tuesday of the month and they had hoped to meet that month and talk about the survey, results, what did it mean, but the meeting was cancelled. They then received notice that the resolution was being presented to the Board at this meeting. Mr. Feldman is not opposed to the resolution, in fact feels that it is a mandate for management to do more thorough research so they can get the answers to the questions they are looking for and can bring back the comprehensive information to their members. He expressed concern that they continue to meet, continue to be part of the discussion, and make informed decisions when it comes time to actually negotiate these things through the meet-and-confer process.

After asking for comments from the audience and employees, Carol Mahoney, Associate Engineer/Geologist, asked if the MAT team could add something about flood control to their goals because part of the reason the agency was formed in the first place was because of the Great Floods of 1955. It would be good to affirm that was one of the edicts of why Zone 7 was formed in the goals. We have seen the surveys and the majority of employees think it is a good idea to pursue, see it as a benefit, and she feels it is time to move it along.

Director Quigley asked if any MAT members wanted to comment. Kurt Arends responded as a MAT member that there are a lot of questions and to move forward, we have to answer these questions, and that is the next step. Vince Wong added that the MAT group was unanimous in this and he had been an advocate for going slow until he listened to team members. The recommendation, the memo, is a recommendation from all MAT members and it comes from them.

Director Greci stated that the Board is in favor of supporting all of the employees and that nothing is going to happen until we have the answers. Not all questions are answered yet but this resolution supports the MAT group and others in support of this study to pursue the answers that are being asked. No one is going to be left out. He stressed communication and the Committee will get the needed answers, keep everyone in the loop, and no one is going to go unheard. When they met as the Administrative Committee, there were several individuals that did not respond because they said they did not have enough information, but when asked if they had read all the material, they claimed they didn't have time. If members do not take the time to read all the material, they don't care. He encouraged all staff to get involved and read the material because if the Board makes a decision to go ahead, they are going to say it was done by a select few of the group even though it is a majority, because they did not take part. Build communication in the organization as stated in one of the goals.

Director Palmer agreed with Gus Feldman from SEIU 1021 that this is a mandate to pursue separation, not a decision to separate, but it needs direction from the Board.

Director Moore commented on doing it right or not at all and part of that is doing the homework, getting the research done, and it is the policy direction to get those answers so we can move it along. This has taken too long but no decision will be made until everyone is comfortable.

Resolution No. 10-3406 was carried by a unanimous vote of 6-0 after Director Kalthoff made the motion and Director Palmer seconded it affirming the Board's intent to pursue separation.

Item 14 - Committees

None.

Item 15—Items for Future Agendas —Directors

Director Moore will share a presentation on broadband opportunities facing emergency response teams in the Bay Area as well as Zone 7 but it will be done in June.

General Manager Jill Duerig announced the reception for anyone leaving the Board will begin at 6:30 p.m. on June 16, prior to the regular Board meeting.

Item 16 – Reports – Directors

- a. Written report by Director Quigley
- b. Verbal reports
Director Moore was at the Alameda County Special District meeting May 5 wearing two hats but represented Zone 7 for a presentation on the East Bay Communication System.

Director Quigley talked about the Spring Conference attended with Carl Morrison and Director Figures. They heard a speaker from National Geographic on California's Water, California's Pipe Dream. Director Quigley mentioned that there had been changes in ACWA.com website and that ACWA News is a great way to keep up on California Water Issues. He also talked about the Delta Tour he took and encouraged Board members to go on the tour July 14-15.

Item 17 – Staff Reports (Information items. No action taken.)

- a. General Manager's Report
- b. Recent & Upcoming Public Outreach Activities
- c. Legislative Update
- d. Annual Report for the Groundwater Management Program for 2009 Water Year
- e. 2009 Water Quality Management Program Annual Report
- f. Recent Employee Activities – Staff Report
- g. Verbal Reports
Kurt Arends talked about a 2007 Prop 50 Local Groundwater grant for \$250,000. Contracts for installing monitor wells will be forthcoming.

Went into closed session at 9:30 p.m.

Item 18 - CLOSED SESSION

- a) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 2 cases
- b) ACFCWCD Zone 7, et.al., v. State of California Department of Water Resources, et.al.; Sacramento County Superior Court Consolidated Case No. 07AS04901
- c) 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
- d) Government Code Section 549547: Public Employee Performance Evaluation
Title: General Manager

Item 19—OPEN SESSION AND REPORT OUT OF CLOSED SESSION

There was nothing to report out of Closed Session.

Item 20—Upcoming Board Schedule

(All meeting locations are 100 North Canyons Parkway, Livermore, unless otherwise noted)

- a) Reception for Outgoing Director(s): June 16, 2010, 6:30 p.m.
Regular Board Meeting: June 16, 2010, 7:00 p.m.

The meeting was adjourned at 10:35 p.m.