

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

REGULAR MEETING
May 21, 2014

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

DIRECTORS: SANDY FIGUERS
JOHN GRECI
ART MACHAEVICH
SARAH PALMER
DICK 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
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

Item 2 - Pledge of Allegiance

President Stevens led a salute to the flag.

Item 3 - Citizens Forum

Item 4 - Minutes of the Regular Meeting of April 16, 2014:

Director Ramirez Holmes made an addition to the minutes with the wording “In noting that the item name was not very transparent” before continuing with her statement on Page 5, 3rd paragraph from the bottom. Director Ramirez Holmes moved for approval of the corrected minutes and Director Greci seconded the motion. The revised minutes were approved by a 6-0-1 voice vote with Director Quigley abstaining due to his absence from the April 16th Board meeting.

Item 5 - Consent Calendar

Item 5(a) – Request for “Out-of-State” Travel to Attend the AWWA Conference and Exposition and the Partnership for Safe Water Awards in Boston, Massachusetts

Director Ramirez Holmes moved for approval and Director Palmer seconded the motion. The motion was passed by a roll call vote of 7-0.

Resolution No. 14-4366 Authorized Brian Keil to attend the 2014 ACE in Boston, Massachusetts.
(Item 5a)

Item 6 - Staffing Update:

a. New Employee Introduction

Emily Moshier was introduced as the new Junior Engineer for the Facilities Engineering Section. Ms. Duerig related her background to the Board. The Board applauded and welcomed her to Zone 7.

b. March Employee of the Month Recognition

Donna Fabian, Administrative Assistant, was selected as the March Employee of the Month. Ms. Fabian provides a multitude of support to many different sections within the Agency. The Board applauded her in absentia.

c. Recent Employee Activities

Ms. Duerig directed the Board's attention to the picture board in the boardroom detailing the events of Take Our Children to Work Day on April 21. Ms. Duerig commended the staff and volunteers who helped with this successful event.

On May 14, the Service Recognition Awards were presented to employees celebrating milestones of 5, 10, 15, 20 and 25 years with the County. Recipients of the Hall of Fame Awards, nominated by co-workers, were acknowledged. A slide show with pictures of the service recognition awardees and Hall of Fame recipients was shown to the Board and audience. Ms. Duerig added that all employees are to be commended for their ongoing service.

Item 7 - Presentations by Science and Engineering Fair Awardees

Mike Wallace, Staff Analyst, introduced the Alameda County Science and Engineering Fair award recipients and Public Information Officer Boni Brewer photographed the students. Zone 7 staff John Koltz and Daren Putman acted as Special Awards judges of water-related projects during the Fair and selected four students to receive awards for their water-related projects which were then presented to the Board. After the presentations, pictures were taken of the students receiving their small cash prizes from President Stevens on behalf of Zone 7, along with pictures of the entire group with all of the Board members.

This year's recipients are:

- **William Leslie Olsen, Sunol Glen School**, who got a middle school individual water award for his study entitled, "What is Metalting with Your Water?"
- **Natalie Khalil, Amador Valley High School**, who got a high school individual water award for her study entitled, "Rotational-Inventory Solar Water Disinfection."
- **Hania Guigoussou and Angelica Hom, Dublin High School**, who got a high school team water award for their study entitled, "Incorporating Computer Science into Water Systems to Save Water."

Ms. Duerig pointed out that congratulations go not only to the students but to the parents who supported their students and the parents were applauded by the Board, staff and the audience.

Item 8 - Contract for Weed Control Spraying Services

President Stevens pulled this item from the agenda for a future meeting.

Item 9 - Guiding Principles for the Bay Area Regional Water Supply Reliability Partnership

Ms. Duerig summarized the Guiding Principles which were an outgrowth of the Bay Area Regional Desalination Study (BARDP). That project is moving very slowly but it brought the agencies together and they started talking about modeling, how water would be moved if desalinated, and how it would be delivered. Regional reliability could be enhanced by such intertie projects and Marin Municipal Water District and Alameda County Water District may also be interested in participating. A regional reliability program was put together to enhance wheeling water around the Bay Area. As part of May Water Awareness month, participating agencies are bringing the Guiding Principles document to their Boards for approval. Ms. Duerig noted that the Water Resources Committee recommended that the Board adopt the resolution directing staff to participate in the Regional Partnership under the Guiding Principles.

President Stevens asked why the project was moving so slowly and Ms. Duerig explained that money is an issue, there are water rights issues, and there are questions about wheeling the water and how the water would move. The most convenient pipe alignment to use puts the water into two raw water facilities, the EBMUD pipeline or Los Vaqueros Reservoir, so additional treatment would be needed and the cost would be for two treatments so is cost prohibitive. The idea of having a partnership and identifying opportunities is what staff is strongly recommending.

Director Figuers inquired about the cost and Ms. Duerig replied that it would be a combined cost of about \$2,000 per acre foot. There are numerous costs involved in treating the water once through the desalination plant, a second time through the treatment plants, and a cost for using other facilities to wheel it to Zone 7. In questioning the membrane used, he was told it is a reverse osmosis (RO) membrane similar to the demineralization facility at the Mocho wellfield.

Director Quigley said this item may be the subject of a panel for the Region 5 event planned for October. He thinks it is too early for the technical questions but is in favor of finding another piece for a diversified water portfolio so he strongly endorses and recommends Board approval.

Director Ramirez Holmes noted that Attachment B in the agenda item says that the reason Zone 7 joined was about the feasibility of a joint desalination facility. Under potential new investments, there are now 12 other items that are listed but a note that a Feasibility Study could be performed using a portion of the \$4 million authorized for regional desalination, even though that is no longer one of the 12 priorities. She asked if staff still feels comfortable with a partnership and whether we are comfortable using the money for regional desalination on a feasibility study for items that no longer have anything to do with regional desalination.

Ms. Duerig replied that most of the projects identified will facilitate wheeling desalinated water around the bay area and, if not desalinated water, it will allow us to share water that might be coming from different watersheds, i.e., if there is more snow in the Hetch Hetchy watershed than there is in the Oroville watershed, there could be swaps or trades using interties once they are in place. The interties

form the basis for future projects such as a desalination project; without interties, a desalination project does not get water to us because we are not on the bay. Staff is very comfortable with this approach and thinks it is the first step. Currently there is no commitment but the attachment showed projects the partnership might be working on when there are opportunities for additional funding, whether it is at a state or federal level. The talking points are changing as the partnership has more discussions and identifies more projects.

Director Palmer said it is crucial that we extend the number of interties we have throughout the Bay Area and this region. She recently attended an ACWA conference and could see the level of cooperation people are expressing in terms of the need to work together. A big issue is planning for emergencies, water shortages, and wheeling water around. Without the interties, we will not be able to plan for the future. She also noted that this is a real project, not just another study, and is important.

Director Greci added that working cooperatively with other agencies is vital for all agencies in case of emergencies. It is also less expensive when you work with other agencies on a feasibility study.

Director Machaevich said there is an advantage to joining such a group and he wanted to move that staff be directed to participate in the Bay Area Regional Water Supply Reliability Partnership under those Guiding Principles. Director Quigley seconded the motion. There were no public comments. The motion was passed by a roll call vote of 7-0.

Resolution No. 14-4367 Directed staff to participate in the Regional Partnership under the Guiding Principles. (Item 9)

Item 10 - 2014 Exchange Agreement with Metropolitan Water District for Delivery of Semitropic/Cawelo Banked Water

Ms. Duerig told the Board that a deal with Metropolitan Water District (Met) was worked out for them to sell us carryover water during the summer and Zone 7 would pay back with either Semitropic or Cawelo water in the Fall but details of the deal are still being worked out. After warm temperatures soared in the Los Angeles area earlier in the month, they did not see evidence of the desired conservation, and said they may not be able to sell water to Zone 7. At the same time Zone 7 was notified by Semitropic that they had been working on a completely separate alternative of being able to return to us some Semitropic banked water through an exchange process. Due to fallowed farmlands within the Delta itself, the water that is not used would be sold to Semitropic who would in turn wheel it to Zone 7 using State Water Project facilities, but that is not a sure deal yet either. Semitropic got approval from the State Water Resources Control Board that the fallowing would free up some water, a major milestone, but they still had to work out some details with DWR's Administrative Office, known as SWPAO (State Water Agency Project Analysis Office), whether they can move that water through the State Water Project, and how much water is really available. We have those two deals that staff is working on but staff are asking for authority to continue to negotiate and sign any necessary exchange agreements if a window of opportunity is open. This is very unusual but the amount of money noted in the agenda item is the highest cost that could be charged based on the worst deal. At one point Met said that for every 2,000 acre feet of their carryover water we receive, we would pay them back with 3,000 acre feet of water after September 1, and they wanted Cawelo water if possible. We lose a lot of water from Cawelo so it ends up being more expensive so the \$2 million is if it were a 3:2 ratio and if all the water was from Cawelo. The actual number is probably much closer to \$1 million but we wanted to make the Board aware of the worst case scenario as part of the Board's discussion.

Director Greci complimented Ms. Duerig on doing exactly what needs to be done in her role as General Manager by looking for every possible resource for water as it is more crucial this year than ever. Past staff and general managers have looked ahead and tried to obtain as much water as possible as Ms. Duerig has continued to do because we cannot be blindsided and not take advantage of this opportunity. In recent negotiations where they say they may not do it, she must be in a position to react and “strike when the iron is hot.” He said she has his full support to stay with this issue, stay on top of it, and make it happen because with the drought there are not a lot of sources available; if we get this source of water, we will be very lucky.

Director Figuers asked if there had been any thought given to selling some of the water we cannot access since it is a seller’s market and we have 82,000 acre feet that we can’t touch. If Met is going to end up with a hot summer, they are going to be searching for water and how much of a premium would they be willing to pay?

Ms. Duerig said that we are giving them water and getting water in exchange. We don’t have the ability to move Semitropic water before September 1 under the rules of the State Water Project. Kern County Water Agency is made up of member agencies including Semitropic but there is a mutual control factor so if Kern County says you cannot move water, Semitropic cannot move it. Right now there is a halt on all Semitropic water being pumped directly and that is unlikely to be lifted before September 1st. We have an expert working on another case who is a former DWR employee and when asked what is the likelihood of such deals, he saw zero opportunities based on his knowledge of SWPAO’s rules and regulations.

Director Figuers asked if we couldn’t do it because Kern County is preventing water flows. General Counsel David Aladjem responded that it is not only Kern County but also the rules that DWR is using from the SWPAO office to manage the entire project for the maximum benefit of all of the contractors. There is so little water coming in to the project that they are not allowing exchanges and we can’t move water until September.

Ms. Duerig said we have known that this has been a possibility since staff asked the Board to declare a drought emergency at the January meeting when it looked like there wasn’t going to be any carryover water either. The only thing moving through the State Project facilities right now is carryover water.

Director Ramirez Holmes asked for confirmation that if the pumps are turned on September 1st, can we access our banked water then without having to give away water to Met with the 3:2 exchange since we do not have extra water? Ms. Duerig replied that it is possible that we can access it then if the SWPAO office allows it but there are restrictions on how much capacity is in the various facilities that can be used by Semitropic and a certain maximum flow rate that we are allowed to use. It is all contractually limited and the controls are imposed.

Director Ramirez Holmes said that the original operating plan for a dry year was 10,000 acre feet from Cawelo and 9,100 from Semitropic but that was not included in the Sustainability Report that the Board received in May because it was deemed inaccessible at that time. In September when the pumps are on and working, and if that is our allocation for a dry year, then why wouldn’t we get our 19,000 acre feet? Her concern is that they are only going to give us some portion in June, July and August, so how much water would that be and at what cost? Even if the amount is budgeted for purchase, budgets are about choices so when we buy that water at such a high cost and a high exchange rate of more than normal, assuming we had almost 40,000 acre feet without any of this water, the time we will need it will be in the fall. Even if we used all the 40,000 acre feet by August, our need would not be in June because

presumably we have enough water now. She asked for an Operations Plan of pulling groundwater to surface water and has not received it. She would not want to see us spend \$2 million and have to give away water when that water could be available in September so why would we negotiate with Met now at such a high cost?

President Stevens said we cannot access that water and additional costs are for pumping. Ms. Duerig said that we are still under negotiations and may not have to pay 3:2. Director Ramirez Holmes said that her concern is that in a drought year the Board doesn't get a supply update but a blank check for \$2 million is requested. If we are willing to pay that high cost, then she is concerned about the message communicated to the public. Ms. Duerig said that the drought emergency and the use of Semitropic and Cawelo banking program numbers have been updated since the April Sustainability Report. A detailed explanation of potential costs for water was given to the Board but the bottomline is that Zone 7 is going to have to rely on storage, imported water that was stored in various places. There are about 18,300 acre feet that we are getting from carryover this year. We used a part of it and stored it in our groundwater basin using recharge. That means about 16,000 acre feet is available for surface water treatment. Since there was almost no local rainfall, there is no Del Valle carryover in Lake Del Valle itself. We know we are getting 1,500 acre feet from Semitropic and anything more is speculation. Ms. Duerig is hoping to work a deal with Met or Semitropic or both and get the best dollar deal but we haven't got any guarantees beyond that 1,500 acre feet. Whether it is surface water storage in the State Water Project itself, groundwater storage, or Semitropic storage, a total of 34,500 acre feet from our previously imported water will be pulled and that gives us the 38,800 acre feet to meet projected water demands. Our projected demands were actually 50,000 acre feet based on what the retailers and the untreated water users gave us last fall. We lost 12,000 acre feet last year due to Delta infrastructure limitations. Had we had a Delta fix in place, we would have close to the projected 50,000 acre feet.

Ms. Duerig explained a graph used in her presentation to the Board and noted that we won't have any carryover water, our cheapest water, which will be used up this year, and she doesn't anticipate having any carryover at the end of 2014 so that means that 2014-15 will be an expensive year assuming there is something above a zero percent allocation to even buy.

Director Quigley said the numbers Ms. Duerig cited suggest why the Board should think about supporting the State Water Action Plan. Director Greci said any water we can get from anywhere else is water we do not have to pump out of our basin and urged Zone 7 to jump on any opportunity to get water.

Mr. Aladjem gave a point of information to the Board that the cost to buy water is about \$250 per acre foot but San Luis-Delta Mendota Water Authority, also south of the Delta, is buying water at \$500 per acre foot. It is an expensive purchase but this \$2 million is what the market is charging right now for alternative supplies.

Director Ramirez Holmes said that if we got the water after September 1 because we paid a lot for water storage, we would only be paying \$150 per acre foot and we only have to do a 10 percent exchange when we take it. Mr. Aladjem said we would not get the water until September 1 in any case. Ms. Duerig said the deals they are working with Met might be that low and that is what they are striving for but will only take lower-priced waters so we don't use all our money on higher-priced water. Getting it after September 1st won't help us during the summer and because we want a cushion if wells fail or other issues, we want to have the flexibility of being able to draw more from the surface water. Director Palmer said that if we were able to survive June, July and August until September 1 then it would help preserve the groundwater basin in terms of shortages.

Under Public Comments, Ken Henneman said it is getting to be “desperation time” and water is selling for \$1,000 per acre foot to buyers just 40 miles from Zone 7.

Alfred Exner, Pleasanton, support Ms. Duerig and the Board but said as a member of the public, from a perception standpoint, the 3:2 figure is going to give the impression that Zone 7 is paying more than just \$150 per acre foot and this will rankle a lot of people in the public. He feels the average person will ask why Zone 7 is paying for the water but also cutting a side deal. Ms. Duerig said that staff had the same reaction which is why they did not come up with a “done deal” and are trying to negotiate a 1:1 or see how they can do it.

Director Machaevich said the 3:2 could be cheaper than paying \$750 per acre foot to bring it in but he believes it should be left in the hands of staff who know what they are doing. He said that Zone 7 staff has to have the authority and the ability to make decisions instantly or the offers may be gone.

Director Quigley moved for approval and Director Machaevich seconded the motion. The motion was passed by a roll call vote of 6-1-0 with Director Ramirez Holmes voting no.

Resolution No. 14-43683 Directed the General Manager to negotiate and execute any necessary exchange agreements with Metropolitan or Semitropic that would secure the delivery of banked water supplies. (Item 10)

Item 11 - Committees - Zone 7/DSRSD/Livermore/Pleasanton/Cal Water Liaison Committee Meeting, March 26, 2014 - minutes

Ms. Duerig said the minutes of the Zone 7/DSRSD/Livermore/Pleasanton/Cal Water Liaison Committee were prepared by the City of Pleasanton since they hosted the meeting. Dublin San Ramon Services will host the next Liaison Committee meeting.

Item 12 - Reports - Directors

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

Director Palmer said she went to the Monterey ACWA conference and attended a Groundwater meeting and Zone 7 has a great Groundwater Plan. She talked to attendees from the Central Valley and one of the issues is that there are about 800,000 acres of land that have been fallowed this year and it is having a major impact because with the fallowed acres comes unemployment and whole communities are suffering and other issues arise including increased levels of domestic violence and a dramatic rise in children dropping out of school.

President Stevens was in the same meeting and was pleased at the amount of cooperation between Met, Kern County, and other agencies. Zone 7 is invited to the table because of respect in the water industry for General Manager Jill Duerig and because Zone 7 is both M&I and agricultural. He also reported that he and Carol Mahoney, Integrated Planning Manager, took Senator Ellen Corbett on a tour of the Chain of Lakes. Senator Corbett is going to try to help with grant funding for the two big drought projects under construction, Chain of Lakes 5 and the Cope Lake/Lake I Connection.

Ms. Duerig said that, thanks to Carol Mahoney and Carl Morrison on Zone 7's behalf, that project has risen up to the #1 slot and is likely to be partially funded for as much as \$3 million.

Director Quigley said he also attended the ACWA Conference and heard the Governor's video talk about State water. The current President of ACWA, EBMUD Board Member John Coleman, talked about job losses in a drought and there will be a task force posting information on the ACWA website. Director Quigley asked the Board to endorse the State Water Action Plan and the November Water Bond and for staff to have a staff presentation on the June or July Board agenda for a Board discussion. He also spoke at a Tri-Valley Conservancy meeting and stressed that agricultural water is also under a 25% reduction. October 19 and 20th Region 5 will be having a event at the Martinelli Center which will include a tour of DWR's pumping plant at Del Valle, a tour of the dam and a look at the South Bay Aqueduct. John Marchand, Mayor of Livermore and former Zone 7 Board member, has been invited to participate on a panel.

Director Ramirez Holmes reported that she and her nine-year-old son participated in Zone 7's Take Your Children to Work Day. They had a fun time making projects, trying on emergency outfits and masks, and tours of the wells and demineralization plant. She also attended the City of Pleasanton City Council meeting where they updated the Ordinance and implemented the water restrictions. She has been talking to people about the drought, rebates, and toilet leaks. She also noted that another month has gone by without a Finance Committee meeting.

Item 13 - Items for Future Agenda - Directors

President Stevens suggested a discussion in June about Board Retreat items in advance of the meeting.

Item 14 - Staff Reports (Information items.)

- a. General Manager's Report
- b. Communications Outreach Activities
- c. Legislative Update
- d. Monthly Budget Report
- e. Drought Update
- f. Sycamore Grove Background

Mr. Rothenberg, Livermore, provided the Board an additional handout, "Sycamore Grove Park Water Table Logger Data Summary." During Citizens Forum in April, Mr. Rothenberg brought to the Board's attention his concern for the health of the sycamore trees in Sycamore Grove Park as they may be affected by the abrupt shut off of water from the Arroyo del Valle. He thanked the Board for directing staff to prepare Staff Report 14(f) on the Sycamore Grove Background. It is his intention to keep the Board informed of the groundwater tables over the coming months. He feels it is important to restore water flows to the arroyo to the levels recommended in the Study and resolve this issue in the long term so that future drought conditions will not threaten the sycamore trees. He requested that the Board consider directing staff to continue working to resolve this issue.

President Stevens responded that this is the first year of the drought, but if there is not enough rain next winter, that would be the time for Zone 7 staff to revisit it. He interprets the report that one year without sufficient water will not hurt the trees. We can't let them die but staff is scrambling to get water for the community due to the drought.

Director Ramirez Holmes thanked Mr. Rothenberg for the background on the Sycamore Grove Park but when she asked if Zone 7 had met with LARPD to discuss the issue, she was told they had not. She feels Zone 7 staff should talk to LARPD and have a discussion to make sure we are all on the same page and are monitoring the situation as best as possible during a drought year, and when we would come back and look at the issue. Directors Quigley, Palmer and Figuers made additional comments and thanked Mr. Rothenberg for his interest.

- g. Toxic Sites Surveillance Program Annual Report for 2013
- h. Flood Protection Program 2013 Annual Report
- i. Status of FY 2013-2014 Annual Report
- j. Verbal Reports

Ms. Duerig gave a verbal report that the pipeline going from Cope Lake to Lake I may be finished a month early and is within budget including the addition of a flow meter. The project was a team effort and she recognized Project Manager Steve Ellis, Rhett Alzona, Matt Katen, and Ryan Gromer. Mr. Gromer helped identify a flow meter and get it in place that was a huge savings over the original estimate and allowed it to be within the original budget. Carol Mahoney's group, Elke Rank and Tami Church, helped with the environmental aspect. Consultant John Mahoney helped Zone 7 do a design-build contract which is something Zone 7 does not have a lot of experience with and allowed staff to "hit the ground running" and fast-track this critical project.

Director Quigley complimented staff on Item 18(h) Flood Protection Program's Annual Report and said it is the best he has ever seen. He also noted that there has not been an Administrative Committee meeting this year.

The board went into closed session at 8:45 p.m.

Item 15 - Closed Session

- (a) Conference with Legal Counsel -- Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 2 cases
- (b) Conference with Legal Counsel -- Potential litigation pursuant to Gov't Code section 54956.9(d) (3): 1 case
- (c) Conference with Legal Counsel -- Initiation of litigation pursuant to Gov't Code Section 54956.9(d) (4): 1 case.
- (d) Conference with Legal Counsel - Existing litigation pursuant to paragraph 1 of subdivision (d) of Government Code Section 54956.9: 3 cases.

Abram v. County of Alameda - Claim No: 13-028

Alameda County Flood Control and Water Conservation District, Zone 7 v. Pleasanton Gravel Co.,
Alameda County case no. HG14724177.

Sacramento Regional County Sanitation District v. California Regional Water Quality Control Board, Central Valley Region, et al., Sacramento County Superior Court Case No. 34-2011-80001028-CU-WM-GDS

Item 16 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 9:35 p.m. and President Stevens reported there were no reportable actions taken in closed session.

Item 17 - Adjournment

The meeting was adjourned at 9:36 p.m.