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

REGULAR MEETING

June 20, 2012

President Figuers called the regular meeting to order at 7:10 p.m. (following a reception for retiring Board member Christopher Moore) with a salute to the flag. The following were present:

DIRECTORS: SANDS FIGUERS
JOHN GRECI
A J MACHAEVICH
CHRISTOPHER MOORE
SARAH PALMER
RICHARD QUIGLEY
BILL STEVENS

DIRECTORS ABSENT: NONE

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION
JARNAIL CHAHAL, ENGINEERING MANAGER
RHETT ALZONA, SENIOR ENGINEER, FACILITIES ENGINEERING
BRAD LEDESMA, ASSOCIATED CIVIL ENGINEER, INTEGRATED PLANNING
JAVIA GREEN, STAFF ANALYST, FINANCE
TOM PICO, ACTING HUMAN RESOURCES MANAGER
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum –

Randy Werner, 5890 Arlene Way, Livermore, spoke as a water professional. He wanted to discuss the fourth contractor share and Lake Del Valle: a water supply fixture or a recreation area? The week before in June, the Department of Water Resources (DWR) shut down water and the City of Livermore was the most affected by it because of the proximity to the Patterson Pass Water Treatment Plant. The Board needs to make a decision about the lake because what the Board did in the past was acquiesce to the recreation community to make it primarily a recreational lake. It was built as a water supply lake, part of the State Water Project, and DWR needs to take the lake back for water supply. This is a touchy issue and recreational people wanted the boat ramp below water but there is a need to set a water supply priority with DWR. There may not be enough water in Del Valle due to the Aqueduct construction but when the public needs water, they need to be able to turn the tap and have water come out.

He encouraged the Board to appeal to DWR to keep Lake Del Valle a water supply facility rather than equal parts of recreation and water supply.

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

On a motion by Director Palmer with a second by Director Greci, the minutes of the Regular Meeting of May 16, 2012, were approved by a voice vote of 7-0. Director Quigley complimented staff on the minutes from that meeting.

Item 5 - Consent Calendar

Director Palmer moved and Director Quigley seconded a motion to approve the following resolutions by a roll call vote of 7-0. The following resolutions were approved:

Resolution 12-4195 Authorized the General Manager to negotiate and execute the Recreational Trail Use License Agreement with the East Bay Regional Park District. (Item 5a)

Resolution 12-4196 Authorized the General Manager to execute a certificate of acceptance causing the Easement Area Use Agreement with 7099 Amador Plaza, LLC, for Line J-2 to be recorded at the Office of the Recorder of Alameda County. (Item 5b)

Resolution 12-4197 Authorized the General Manager to negotiate and execute a contract for district-wide embankment slope mowing with Bruce Balala Excavating for an amount not to exceed $95,000; extend the contract up to two times to cover the period July 1, 2013 to June 30, 2015; and issue change orders when required in an amount not to exceed $9,500 per year. (Item 5c)

Resolution 12-4198 Authorized the General Manager to negotiate and execute a professional services contract with DTN Engineers, Inc., for electrical engineering support services for FY 2012/2013 in an amount not to exceed $84,200. (Item 5d)

Resolution 12-4199 Authorized the General Manager to negotiate and execute a professional services contract with Biggs Cardosa Associates, Inc., for as-needed structural engineering support services for the next three fiscal years in an amount not to exceed $75,000 per year; and a professional services contract with Biggs Cardosa Associates, Inc., for structural engineering support services for the Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant aqueous ammonia facilities in an amount not to exceed $140,000. (Item 5e)

Resolution 12-4200 Authorized the General Manager to negotiate and execute a professional services contract with Kier & Wright Civil Engineers & Surveyors, Inc., for as-needed surveying support services for each of the next two fiscal years in an amount not to exceed $165,000 per year. (Item 5f)

Resolution 12-4201 Authorized the General Manager to negotiate and execute a consulting services contract with Kenneth R. Henneman for $50,000 plus a contingency amount of $25,000 to cover further unanticipated project delays and additional unanticipated technical support needs for a total not to exceed amount of $75,000. (Item 5g)

Item 6 - Staffing Updates

Item 6 (a) – Employee of the Month Recognition

Plant Mechanic Ron Ray from the Maintenance Section is the April Employee of the Month. General Manager Jill Duerig noted that Mr. Ray has a very helpful, positive work attitude and responds promptly to operator work requests which are critical to the Operations crew. While working on the new PPWTP Clarifier Modification Project, it was noticed how detailed his installation of the new chemical feed lines in the Settled Water Channel were. Mr. Ray was not present but the Board applauded him in absentia.

Item 7. Solid Waste Disposal Contract with Republic Services, Inc.

Jarnail Chahal, Engineering Manager, introduced the agenda item regarding a new solid waste contract with Republic Services, Inc. Two proposals were received for a new contract: one from Republic Services and one from Waste Management. Staff reviewed the proposals and determined that Republic Services' proposal was the lowest cost option for Zone 7, therefore staff is recommending approval of a $215,000 contract for Fiscal Year 2012-2013 with an option to extend the contract for two more years covering the period through Fiscal Year 2015/2016.

Director Palmer commented that there is a problem with the consistency of the centrifuge and she is hoping to see that it will be more consistent in the future. Because there is only a $14,000 difference between the two vendors, depending upon the consistency, it may not be worth re-evaulating in the future.

Director Moore asked what percentage of dewatering do we do? Mr. Chahal answered that at Del Valle there are eight to nine sludge drying beds plus the centrifuge so maybe 50 percent of the sludge is dried through the centrifuge. That is only 25 percent solids and 75 percent moisture. Even sludge that goes through the centrifuge undergoes additional drying in the sludge drying beds to meet the target moisture content.

Director Stevens asked if there is a possibility of using the Chain-of-Lakes' sedimentation ponds or is this hazardous waste? Mr. Chahal said the solid waste is considered hazardous so it could not be dumped into the Chain-of-Lakes area.

President Figures asked the approximate annual cost of centrifuges? Mr. Alzona replied that the rental cost is approximately $600,000 per year, including labor to operate.

Ms. Duerig added that the reason Zone 7 went to the centrifuge was because we didn't have the room to expand the capacity of the drying beds so ultrafiltration at PPWTP was added along with the mechanical dewatering to make the most of the drying bed area we have.

President Figures reiterated that $600,000 is spent to rent centrifuges to get the sludge down to under 50 percent and yet it would cost us only $400,000 and Waste Management would haul it out and we would not have to dry it. Why are we spending extra money?

Ms. Duerig explained that there is a limit to what can be hauled easily on the roads, it is not just what the landfill will accept. Mr. Alzona and his team have done an excellent analysis that it is more cost effective in the long run to buy the centrifuge and bring the labor in-house. This is one of the projects we chose to defer because of cash flow constraints; we are bringing this back to the Board probably in the next year to move forward and it will pay for itself in a short time. This item allows us to have a place to take the sludge in the meantime.

Director Quigley broke down the three components involved: 1) landfill portion – what it costs to cover the landfill; 2) centrifuge – making the sludge lighter and dryer; and 3) transporting it to the landfill. When this project comes back to the Board, Director Quigley requested that staff put those three components together and breakdown what the sludge costs are to address the Board's concerns.

Director Greci said that when you go to Waste Management or Republic Services, it is not by the yard, it is by weight. If it is really wet, even if we do find a way to haul it without dripping on the road, you are going to pay more to dump it and that means more loads to take to the dump. When figuring the costs, you have to compare the difference between a dry load and a wet load and making more trips.

Ms. Duerig recommended that for the next Board meeting, staff will bring forward a staff report to show a more complete analysis.

Director Palmer moved that the item be approved and Director Moore seconded the motion. Resolution No. 12-4202 was approved by a roll call vote of 7-0.

Item 8. Annual Report of Sustainable Water Supply for Zone 7 Water Agency

In response to the Board of Directors' May 16th request for a staff presentation, Brad Ledesma, Associate Civil Engineer in Integrated Planning, discussed the annual review of the Sustainable Water Supply report which is part of the Reliability Policy for Municipal and Industrial Water Supplies. It is made up of several components such as an estimate of the current water demands for the current year and over the next five year period, and how much supply is available for Zone 7 at the beginning of the year (both supply yields and storage). Those two components are compared to see how Zone 7 will fare over the next five years. There was also a discussion about conservation and other programs necessary to retain long term reliability for Zone 7's customers.

Mr. Ledesma explained the numbers in his slide show presentation. The current allocation from the State Water Project is 65 percent, about 52,400 acre feet, essentially 93 percent of our total yield for this year. The Arroyo del Valle runoff is only 1,000 acre feet and shows the difference between what is going on in the State and locally because of the micro-climates within California. The other two sources are Byron Bethany Irrigation District and the Yuba Accord.

Mr. Ledesma stated that Zone 7 has sufficient supplies to meet projected water demands over the next five years with or without conservation.

Director Quigley said he would like to see the actual "throughput" (a supply and distribution term that means metric numbers are run through a warehouse, i.e, inventory control) of the watershed because it differs seasonally: when it rains we get a lot of water and we lose a lot, we can see it go out to the bay. He believes that using resources such as flow meters will capture that and give us 100 percent "throughput" of our water. Once we get 100 percent, he feels the Board and staff can look at options on how to manage the water better in concert with Chain of Lakes and other opportunities. The next time water sustainability is discussed, he wants to see 100 percent for a year of the water molecules in acre feet that come through the watershed. Director Palmer suggested using the existing flow data available online from the USGS and DWR.

Item 9. Consider Increasing Director's Compensation

Ms. Duerig introduced Tom Pico, Acting Human Resources Manager, who was present to answer any questions the Board had on the agenda item. Mr. Pico stated that board members currently make $159.99 per meeting and are eligible for a maximum of four meetings which is $639 per month. Under the County system, the Board is currently not eligible to receive medical or retirement benefits. The mean based on a survey of agencies is $174.41 per meeting and the average number of meetings attended is 9.6 per month for a total of $1,548.88 per month. In terms of benefits, compensation ranges from $2,186.09 to $3,494.38 per month. Different options available are:

- Option 1: maintain the compensation at the current $159.99 per meeting.
- Option 2: set the compensation for FY 12/13 and FY 13/14 at the mean derived from the current market compensation salary survey ($170.41 per meeting, an increase of approximately 6.5%.)
- Option 3: since the board has taken no increase since 2008, and per the Water Code Section 20202 (attached) a 5% per year increase is allowed, up to 20% increase could be granted this year (up to $191.98 per meeting.)
- Option 4: retain current compensation but add compensation for attendance at any meeting approved by Board up to a maximum of ten per month by modifying Compensation Policy.

Director Palmer asked if the Board got more money per meeting, would a public hearing be needed? The response was affirmative.

Director Machaevich's question regarding Option 4 was about the wording "up to a maximum of ten per month." He asked if that meant 10 days or 10 events, i.e., if a Director attended an ACWA conference for ten days? General Counsel David Aladjem answered that would be for ten days, not ten events, and if a meeting went for ten days, it would be the ten meetings for the month.

General Manager Jill Duerig further clarified that if you go to ACWA for three days, it is a single event, and you would get paid for each of the three days as if it were three meetings, even though it is a single meeting.

President Figuers said that most things Directors attend are single day with the exception of ACWA and a couple of others.

Director Palmer added that she liked the idea of being compensated for meetings that Board members attend. It if is Zone 7 business, the Board could approve a type of meeting up to a ten maximum rather than approve each meeting, i.e., if Director Greci is meeting with elected officials, the Board should not have to approve or disapprove of the meeting because it is Board business and he should be compensated for it.

Director Machaevich asked if it is written that it has to be pre-approved? Director Palmer replied that it is not stated either way.

President Figuers says he disagrees with that philosophy because if you meet with a local public official and it takes an hour or two, it is part of the duties of a Board member unless the Director leaves Alameda County to go to Sacramento for an ACWA committee meeting that involves a time commitment.

Director Palmer respectfully disagreed because she feels it is a time commitment for any meeting as the Director must prepare for the meeting, transport themselves to the meeting, and whether it takes three hours or six hours, it is a meeting. A Director's time should be valued and they should be compensated.

In following that logic, President Figuers asked if the President comes in and meets with staff two or three times a month, would those be considered meetings? Director Palmer replied that this depends upon what is considered to be a meeting and the Board needs to sensible about the definition of a meeting.

Director Moore agreed with Director Palmer and he respected the fact that the Board currently approves meetings, but it is about taking care of business and Directors should be compensated. He also likes the idea of a ten-meeting limit. Because this concept is new to this Board and they have not historically done this, if there are concerns moving forward, they will have the opportunity to change it.

Director Quigley liked Option 4 but suggested that the General Manager and Board President be the referee if a Director goes to something legitimate for the benefit of Zone 7, and he agrees that there should be some kind of compensation. A Director also has a duty either verbally or in writing to report back and there is a check-and-balance system in place.

Director Machaevich feels that if a Board member is giving a written or verbal report about a meeting, that meeting should be compensable. If the meeting is important enough to go to and share with the Board in an open forum, comments can be kept simple and it should be a paid meeting.

Director Stevens recommended Options 1 and 2. He agrees that the Board needs to decide the definition of what a meeting is and not have to get permission beforehand but that could be done in a subcommittee. Director Palmer mentioned the Administrative Committee, which is rarely used, but the Administrative Committee could review a list of meetings.

Ms. Duerig referred to the redline part of the policy attached to the agenda item and it reads:

> "Board members will be compensated for attendance at each at each board-approved meeting, event and activity."

Instead it could say:

> "Board members will be compensated for attendance for each day of a Zone 7-related meeting, event or activity."

That would open it up and eliminate the need for Board approvals up to a maximum of ten or for each day of each activity related to Zone 7.

President Figuers also agrees with Option 4 but would like to see the number of days in a month reduced to four. He suggests starting off small because four covers ACWA and very few Board members historically go four days or more; it can be increased later.

Director Palmer suggested an addendum such as "or as reviewed by the Administrative Committee" and that Committee could monitor whether the meetings are necessary.

Director Moore asked for clarification on how often the policy can be amended. Ms. Duerig responded that the policy can be amended at the board's pleasure but, in terms of the compensation itself, the number of dollars for compensation can be amended every other year. General Counsel David Aladjem agreed. Director Moore said that now that the Board is talking about Delta issues and separation issues, Board member involvement in the last year has necessitated more than four so he thinks the policy should be for ten meetings.

President Figuers asked if it is ten meetings per Board member or ten total for the Board? Ms. Duerig said it is currently written as four per Board member. Staff did a comparison to show what the other agencies have and Zone 7 is the only one at the four-meeting level. The other agencies are between eight and ten with an average of 9.46. Director Palmer stated that it was four per Board member but four meetings, not someone meeting with another public official.

President Figuers said he is interpreting it as above-and-beyond regularly-scheduled Board or committee meetings. Ms. Duerig said that if they had a Board meeting tonight and a Special Board meeting in a couple of weeks, you could not do more than two others. Director Palmer said that if you are on a committee, too, you could not go meet with an official or you couldn't do a meeting with Metropolitan Water if they had a couple of meetings a year. President Figuers said that in that case he would modify the number of meetings to six. Director Palmer countered with ten because the Board is getting more politically involved and the option is there.

Directors Machaevich and Quigley agreed with the ten meeting maximum.

President Figuers asked for public comments. Angela Ramirez Holmes from Pleasanton pointed out that in last month's and this month's discussion, the biggest bone of contention despite the six versus ten meetings issue, is what defines a meeting. Both DSRSD and CCWD have language in the agenda item that clearly captures what the Zone 7 Board is trying to include and perhaps that it can be done all at once instead of bringing it back again.

Director Stevens moved to approve Recommended Actions A and B, but not C, on the staff agenda report. Recommended Action A was for no compensation increase for meeting attendance and deleting the language regarding changing the policy for FY 12/13 and FY 13/14. Recommended Action B was to amend the Compensation Policy allowing compensation for attendance at any meeting approved by the Board up to a maximum of ten per month. The policy language would be changed to reflect that Board Members shall not be paid for more than a total of 10 days per Director in any calendar month. Board members will be compensated for attendance at each day of a Zone 7 related meeting, event and activity. The Directors agreed to a roll call vote on the motion by Director Stevens and seconded by Director Palmer. Resolution No. 12-4203 was passed by a roll call vote of 6-1 with President Figuers voting no.

Mr. Aladjem said the Board just adopted a policy revision but can always amend that policy if it so chooses by a motion, a second, and a vote.

Director Palmer wanted to amend the "approval by Board" language. The Board could approve types of meetings, things that are defined as benefiting Zone 7 and serving the Zone 7 Board's purposes. The current policy is only for agendized Board meetings and she wanted to re-state what would be an "approved" meeting. President Figuers suggested that it go to the Administrative Committee.

Mr. Aladjem suggested a couple of ways this could be handled. The definition of a meeting for DSRSD is in the agenda packet but what the General Manager suggested and what was incorporated in Director Stevens' motion was that the compensation would be for events, meetings and activities that would relate to Zone 7. That is broad language and covers Director Palmer's concerns so if the Board is comfortable that it is covered, no other action is needed. Mr. Aladjem read out loud the DSRSD language. Although Director Palmer agreed, it is DSRSD language so she wants to confirm that Zone 7 can apply it to Zone 7 policy under the present circumstances.

Mr. Aladjem responded that the simplest way would be for the minutes to show that it is the District's intent in adopting the policy to define a meeting, activity or event, in the same way that it is interpreted by DSRSD.

8. Notwithstanding other sections of this Policy, Board Member compensation for attendance at each day of a Zone 7-related meeting, event or activity, shall not be paid for more than a total of ten (10) days per Director in any calendar month.

C. Amount of Compensation for Attendance:

The amount of compensation to Board Members for attendance at each meeting, event and activity authorized pursuant to Sections A & B above, shall be reviewed on a biennial basis. The amount of compensation shall be established in accordance with the provisions of Water Code Section 20200, *et seq.*, and shall be adopted by ordinance. Board members will be compensated for attendance for each day of a Zone 7-related meeting, event or activity.

There was general concurrence with this approach. President Figuers urged that if issues arise with the amended policy, it should be put to the Administrative Committee for review because this is a complex subject.

Item 10. July 1 – June 30 Fiscal Year Capital Budgets

Tom Hughes, Assistant General Manager, Administration, explained to the Board that a FY 12/13 capital budget for Funds 72, 73 and 76 for July 1, 2012 – June 30, 2013 was needed due to the delay in transitioning to a calendar fiscal year. The Board had adopted an 18-month capital budget on April 18, 2012, but a twelve-month budget for operating funds 50, 51 and 52 was needed for FY 12/13 to incorporate in the county budget. Because capital fund 72 – (Renewal/Replacement and System-Wide Improvements), 73 (Expansion Fund) and 76 (Flood Protection and Stormwater Drainage Development Impact Fee) budgets were not a County requirement, the Board did not adopt 12-month FY12/13 budgets for these funds, only the 18-month transition budgets.

A draft budget book was provided to the Board members for information only and Mr. Hughes offered that staff could meet with the Directors if they had individual questions. Mr. Hughes also complimented his staff for putting the budget book together in two weeks due to the delay of the transition from the County.

JaVia Green, Staff Analyst in Finance, presented a short presentation explaining the need for a twelve month capital funds budget extending six months for FY 12/13. The proposed capital funds budget is $37.8 million dollars.

Directors Moore and Quigley thanked staff for putting the numbers together so quickly. Director

Quigley noted the expense involved in leasing the North Canyons building and recommended that staff think about using options for the future concerning the lease of the North Canyons building, perhaps discussed at the Board retreat.

President Figuers asked for public comments but there were none.
Director Machavich moved and Director Palmer seconded a motion to approve the resolution. After a roll call vote of 7-0, Resolution No. 12-4204 was adopted authorizing and directing the General Manager to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues or expenditures.

Item 11. Committees – None.

Item 12. – Reports – Directors

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

Director Quigley noted that there was an incorrect attachment to his written comments in the agenda packet. The correct attachment was made available to Directors which was an attachment on Hetch Hetchy and O'Shaughnessy Dam. He also mentioned the new Irvington Tunnel from Sunol and that he was not previously aware of the 146 mgd treatment facility in Sunol. He also attended a San Francisco Habitat Conservation Plan meeting in Dublin and Zone 7 staff was also present. He will present information next month on a recreation and water meeting he plans to attend in Walnut Grove the week after this Board meeting.

Director Moore said that after the May Board meeting he had an opportunity to speak to the Santa Clara Valley Water District Board on the issue of homeless encampments in creeks. He was able to do dual duty as a Zone 7 board member and as the San Jose Police Chief. Zone 7 staff members were also present. There is an issue everywhere with homeless encampments including potentially Zone 7's own watershed.

Item 13. – Items for Future Agendas – Directors

President Figuers referred to the term "cut" used in the General Manager's staff report about the pumping in the DWR water supply. He asked for clarification on how the water supply was interrupted.

General Manager Jill Duerig replied that the South Bay Aqueduct had gone dry three times. The first time there was a planned project where WAPA (Western Area Power Authority) and PG&E were doing heavy duty work on lines that crossed some of the South Bay Aqueduct's pumping plant lines. Although there was advance notice given to DWR, the line fell on DWR's line and they had to power down for several hours to go through the safety steps after the repair. The second time was almost an identical situation. This was on a Tuesday and Thursday night and staff was scrambling, along with the retailers, to turn on pumps and help out. After this happened twice to DWR during the hottest week of the year, they finally put a contingency plan into place on Friday and realized that they had Lake Del Valle valved so that the lake could fill because it was recreationally at a low level. This meant that if there was a shutdown, they couldn't pull out of the lake to give Zone 7 a supply. In case there was another outage and before the hot weekend, DWR decided to turn the valves so that if something happened over the weekend they could draw out of the lake. When it happened a third time on Sunday, Zone 7 staff was able to keep the Del Valle plant running at half the rate. There continue to be discussions with DWR and Zone 7 would like to encourage them to use contingency plans, recognize that they have a water supply that they can use in emergencies, and make sure that they don't shut Zone 7 down for hours because they failed to put those safety plans in place. The Operations team has met several times and came up with ideas, not only contingency plans but using mutual aid. DWR couldn't get anyone out in the middle of the night with their reduced State staffing to turn the valves at Lake Del Valle. There have been operational team meetings with all of the retailers.

President Figuers asked if the Board should sign a letter to DWR both chiding and complimenting them or is what is going on sufficient? Ms. Duerig asked if she can get back to him on this subject. Director Palmer noted a bigger issue of communications between different agencies not only on water, but police and fire.

Ms. Duerig noted the new staff report on the status of Water Sales and Connection Fee Revenue.

<u>Item 14. – Staff Reports</u> (Information items.)

a. General Manager's Report
b. Recent Outreach Activities
c. Legislative Update
d. Status Report on Separation Efforts
e. Water Sales and Connection Fee Revenue
f. Verbal Reports

The Board went into closed session at 8:50 p.m.

<u>Item 14. – Closed Session</u>

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: 3 cases

c) Government Code Section 549547: Public Employee Performance Evaluation
Title: General Manager

<u>Item 15 - Open Session and Report Out of Closed Session</u>

The Board came out of closed session at 10:25 p.m. President Figuers said there was nothing to report out of closed session.

There was a brief continuation of the discussion on sending DWR a letter concerning recent South Bay Aqueduct shutdowns. Staff was directed to prepare a letter for President Figuers' signature.

<u>Item 16 - Adjournment</u>

The meeting was adjourned at 10:30 p.m.