

MINUTES OF THE BOARD OF DIRECTORS
ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
SPECIAL MEETING/BOARD WORKSHOP
August 11, 2010

President Greci called the workshop to order at 8:45 a.m., in the Sterling Room, Hilton Garden Inn, 2801 Constitution Drive, Livermore, California. The following were present:

DIRECTORS:
SANDY FIGUERS
JOHN GRECI
CHRIS MOORE
DICK QUIGLEY
WILLIAM STEVENS

DIRECTORS ABSENT: DIRECTORS MACHAEVICH AND PALMER

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE & BUSINESS SERVICES
TOM HUGHES, ASSISTANT GENERAL MANAGER, HUMAN RESOURCES
REN NOSKY, GENERAL COUNSEL
JUDY RECTOR, ACTING BOARD SECRETARY

MANAGEMENT ADVISORY TEAM (MAT):

COLTER ANDERSEN, WATER FACILITIES SUPERVISOR
TAMARA BAPTISTA, FINANCIAL & SYSTEMS SERVICES MANAGER
JARNAIL CHAHAL, ACTING PRINCIPAL ENGINEER
GERALD DEWITT, WATER FACILITIES SUPERVISOR
RICH GOULD, ACTING OPERATIONS MANAGER
BARRY IVY, FACILITIES MAINTENANCE & CONSTRUCTION SUPERVISOR
GINGER STATON, HUMAN RESOURCES ANALYST II

MAT MEMBERS ABSENT: MATT KATEN, PRINCIPAL ENGINEER/GEOLOGIST
TERI YASUDA

CONSULTANTS: DR. BILL MATHIS, MATHIS GROUP
CARL MORRISON, MORRISON & ASSOCIATES

Item 2—Citizens Forum -- No public comments.

Item 3—Board Workshop

Dr. Mathis and Mr. Morrison facilitated the workshop. The first part of the workshop focused on a Joint MAT meeting with the Board of Directors and sharing feedback. The second half of the day was scheduled as a Board retreat to talk about board issues such as governance.

Culture Discussions led by Dr. Bill Mathis (Board/MAT)

After a brief introduction, Dr. Mathis asked participants what their expectations are for the

workshop. Most responded that they were hoping that the Board of Directors and the Management Advisory Team members could get to know each other better and become more cohesive to accomplish the goal of continuing to improve the culture at Zone 7. Dr. Mathis called attention to the four documents in the participant's packets:

1. Article from Business First: "Passive-aggressive office culture: Bad for business"
2. Handout on Changing to a High Performance Team: What's Our Mission Here?
3. Measurement of Our Culture
4. 8 Steps for Leading Change by Dr. John Kotter

It takes three to five years to change the culture of an organization.

In a roundtable discussion, the following comments were made:

Director Quigley noted that the pros of separation from the County outweigh the cons but we have to look at the pros and cons of what it does to the public and the mission of the agency.

Director Figuers stated that there are two scenarios to consider: 1) Zone 7 stays the same or 2) the Zone 7 culture ceases to exist and how much effect there would be on what we produce?

President Greci stated that it is a big change and that the fear of change is that you are losing something rather than focusing energy on what it is going to bring. The product is the same and the transition needs to be made without losing people and benefits.

Director Moore discussed finding a better way to control change. Retailers are taking cuts and what are we doing? Employees are part of the solution and there is no room for increases; manage what we have. Change is not only crisis, it is an opportunity to explain the rational and get people on board. Change is not always bad but not change forced on us.

President Greci added that we should try to be visionary and predict change and defer change, which is not the same as procrastination.

After the morning break the MAT team members were asked what they thought since the focus had been on the Directors. They were encouraged to say what they think, no holds barred.

Barry Ivy, Facilities Maintenance and Construction Supervisor, shared that the people he works with fear their jobs are in jeopardy because manpower may be reduced. He wants to protect the talent but may need fewer people in the future. Also, if Zone 7 separated from the County, it would eliminate at least an hour a day from his job due to having to work with County procedures which tie his hands in getting a job completed quickly.

Director Figuers stated that attrition is a random process. Would there be resistance to general employees switching jobs? There might be Union restrictions, but don't they get bored doing the same job all the time?

Colter Andersen, Water Facilities Supervisor, said that this is the third public agency he has worked for and he knows there is a hesitation about cross training. He also knows that the employees he works with do not want change even in their daily schedule, much less something more drastic. Colter encouraged consortium community college programs such as Solano Community College where potential employees get operator certification for pipelines.

Director Moore discussed Zone 7 competing with other agencies in the same resource pool.

Vince Wong, Assistant General Manager, Operations, brought up agencies having to pay fines and overtime if the system is not maintained due to a lack of Operations staff, and the reality is being short staffed.

Rich Gould, Acting Operations Manager, said sometimes turnover is because of pay and Zone 7 is used as a training ground. Need to be sure pay is competitive and attract the cream of the crop so other smaller agencies are the training ground, not Zone 7. Rich added that the hiring process takes a long time and then it takes two to three years to train because the State has more and more regulations.

Tom Hughes, Human Resources and Safety Manager, said work force planning is underway but, as Director Figuers suggested, unions can hold back employee growth and are part of the problem with cross training.

Director Stevens asked if the Management Advisory Team was doing something about these problems but General Manager Jill Duerig said labor negotiations, work force development, and succession planning are under Tom Hughes and Employee Services.

Gerald DeWitt, Water Facilities Supervisor, feels that there should be a continuous examination of the organization to keep it the right size with an eye on basic functions and tasks that are not performed but should be.

Dr. Bill Mathis said that MAT participation is helping lead the change and change the culture. What is MAT doing to help the organization get better? MAT brought an item to the Board saying that we have gone as far as we can without further Board endorsement of separation, and do we proceed or forget it? The job of MAT was to develop a broad outline and assign tasks needing further data so as to prepare the information needed by staff and Board members.

Jarnail Chahal, Acting Principal Engineer, Water Supply, felt that an urgency to cut costs had been created along with either doing cross training or doing training in house, i.e., auto-cad training.

John Yue, Assistant General Manager, Finance, discussed competitive bidding for fleet maintenance where quotes from private industry service levels were better than Dublin San Ramon Services District or City of Livermore fleet maintenance; they couldn't beat private agencies and the lowest bid was used.

Jill Duerig, General Manager, said the goal was to function more efficiently and make better use of staff.

Tom Hughes, Human Resources and Safety Manager, commented on the Management Advisory Team culture change. He said they were not necessarily agreeing with each other but the culture in the room was shifting.

Vince Wong, Assistant General Manager, Operations, said the impact of the Management Advisory Team was that they reach down through the MAT members to get to line staff people so they can be heard without repercussions.

Ginger Staton, Human Resources Analyst II, mentioned Employee Services facilitating focus groups, doing things in small stages, talking about issues at Zone 7, baring souls, and going

through the “red” to get to the “blue.” Line staff offers problems and solutions. Each focus group will have a different Employee Services person attend.

Carl Morrison, Consultant, added that pay is not the draw as much as a rewarding place to work. There is a cost benefit to this because people stay and the agency gets leaner with more efficient staff.

Ren Nosky, General Counsel, says forced change can cause dysfunction in the public sector if not managed. Layoffs and grievances can lead to a hostile work environment and a toxic culture but at Zone 7 MAT and the Board are trying to improve communications agency-wide. The Zone 7 Board has more interaction with staff (except for labor negotiations) than other Boards.

Tamara Baptista, Financial and Systems Services Manager, feels that the communication in her section meetings after MAT meetings show that change is being taken seriously.

Kurt Arends, Assistant General Manager, Engineering, stated that how change occurs is either by resistance which is “red” or lead the change and control the future even if forced to change due to the economy and using existing staff more. “I’m an engineer, not a technician” when asked to do CAD is the old way to stay in the box and that idea is history. How change is going to occur and not be negative is what the MAT helps with and it shifts the benefits to the organization – how you deal with it is a culture issue.

Vince Wong, Assistant General Manager, Operations, suggested continuing to work to be more open and give the big picture to employees so union members don’t feel they don’t know what is happening. Zone 7 has been an agency of change but it is hard to change in a vacuum.

Director Quigley feels the Board is not here to make money; it is a conduit and umbilical cord to the community. Make Zone 7 a fun place to work and provide career opportunities for advancement.

Director Stevens is amazed at the progress of MAT because he thought they would fail. Board needs MAT support for separation from County - help us help you.

Director Moore said he learned more about MAT members through this process and he is more optimistic for success. They exceeded his expectations. He also stressed the urgency of separation – go in united and it may not be a battle.

Director Greci noted that communication and understanding each other is the key. The Board is here for you and he has a good feeling about being headed in the right direction.

Director Figuers feels the separation from the County must go forward – what does MAT need from the Board?

Jill Duerig, General Manager, thanked the MAT members for volunteering to be part of the team. They are invaluable to the organization and Jill as a forum to solicit opinions and brainstorm ideas to help make Zone 7 a platinum agency, the best of the best; maybe not the highest paid, but the best place to work.

Carl Morrison said he fears we will lose the momentum of separating from the County and the consequences can be worse than if never started due to expectations.

Board members and Management Advisory Team participants were able to join together in small groups and talk during lunch. After lunch the Management Advisory Team returned to work and the Board of Directors, Executive Staff, Dr. Mathis, Carl Morrison, Tom Hughes, and Judy Rector reconvened about 1:00 p.m.

Vince Wong, Assistant General Manager, Operations discussed how the MAT team developed the process of identifying types of questions employees might have on separation.

Tom Hughes, Human Resources and Safety Manager, commented that some of the resistance to the separation from the County disappeared after there was support from the Board. Resolution No. 10-4006 regarding the Intent to Pursue Separation was a way the Board said to employees “we care about you.”

Following was a discussion regarding:

- having no local opposition as a key to separation
- the possibility of having a specific proposal on what we want to do
- the possibility of narrowing down and deciding by the end of the year what type of organization to become
- the possibility of exploring potential framework for the future
- the possibility of the sooner the better for coming together with a plan and agreeing where we want to go

Strategic Planning Priorities led by Carl Morrison (Board/Executive Staff)

Mr. Morrison discussed the Strategic Planning Priorities Deliverables Update he handed out and went over the revised Appendix A which was highlighted to show changes in the deliverable, completion date, and responsible leads.

Other Issues

Director Stevens discussed meeting more often than once a year including inviting lower level employees and random employees from rank and file to meet with the Board.

Director Quigley wrapped up his comments by saying Zone 7 should set the bar high, strive for excellence, enable staff to achieve, expect deliverables, preach accountability, identify priorities, and provide leadership by setting examples.

Suggestions regarding how often to meet included: a half day with the Management Advisory Team in a workshop/retreat setting every six months; one day once a year; a half day once a year; meeting at the Plant; or having a meeting from 5 to 9 p.m. where employees can come and share their comments with the Management Advisory Team and the Board of Directors.

The workshop adjourned at 3:30 p.m.