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

REGULAR MEETING
August 18, 2010

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

DIRECTORS:	JOHN GRECI A J MACHAEVICH CHRISTOPHER MOORE RICHARD QUIGLEY BILL STEVENS
DIRECTORS ABSENT:	NONE
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER REN NOSKY, DOWNEY BRAND, GENERALCOUNSEL KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE JUDY RECTOR, ACTING BOARD SECRETARY

Item 3 - Citizens Forum

None.

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

Director Quigley moved and Director Figuers seconded approval of the minutes of the Regular Meeting of July 21, 2010. No corrections were noted at that time and the vote to approve was 4-0-1-2 with Director Moore abstaining and Directors Palmer and Stevens absent. Later Director Palmer told Acting Board Secretary Judy Rector that Director Palmer's portion of the Directors Verbal Reports (Page 5 of the July 21, 2010 minutes) incorrectly referred to her meeting with both Charles Crohare Senior and Junior regarding Olivina Ranch Group. She said she met only with Charles Crohare Senior regarding Zone 7's right of way on Foley Road.

Item 5 - Consent Calendar

On a motion by Director Quigley and seconded by Director Figuers, Consent Items 5a, 5b, and 5c were approved and the following resolutions were adopted by a roll call vote of 5-0-0-2 with Directors Palmer and Stevens arriving during the discussion of Item 5(d).

Resolution No: 11-4022	Revised resolution Regarding Termination of Treated Water Supply Contract and Partial Exemption from Water Connection Fees for Arroyo Vista Development. (Item 5a)

Resolution No: 11-4023	Adopting the Labor Compliance Program and authorizing the General Manager to approve and enforce the Labor Compliance Program. (Item 5b)
Resolution No: 11-4024	Authorizing the General Manager to negotiate a four way funding agreement among EBRPD, ACWD, SCVWD and Zone 7 to fund the Quagga and Zebra Mussel prevention program for Lake Del Valle through 2010, and execute such agreement for a not-to-exceed cost to Zone 7 of up to $79,320. (Item 5c)

President Greci pulled Item 5 (d) from the consent calendar for discussion. He feels it is important for employees to share anything learned at conferences and how it can benefit Zone 7. Likewise, he would like to see Board members share an outline, a discussion or a full presentation to the Board on the conference or workshop subject so they know what they paid for and justify the money spent.

President Greci said that Director Quigley would be willing to bow out of the Utility Elected Officials Conference if another Board member wanted to go.

Director Figuers believes there is nothing wrong with Directors going to conferences but there needs to be a reason or a projected benefit for Zone 7. He goes to ACWA once a year and is on the Groundwater Committee but he proposed a technical committee on groundwater because we have a groundwater basin so he had a specific reason why he goes to that one. He feels there is no benefit for him at other conferences. Director Quigley is good at meeting people and that is a benefit. Director Quigley could tell other Board members the names of people to talk to about specific issues. But Director Figuers asked Director Quigley to focus his energy on a path that is beneficial to the Zone.

Director Quigley said he was invited by Dr. Mathis to participate in a presentation panel on culture change and changing the culture of the Board. He spoke about the conference and knowing people who have learned lessons by putting in innovative systems and that is why he goes and wants to go. He also spoke about setting the bar high for the Board and striving for excellence in all programs. Board members learn by going to conferences, participating in panels, and bringing back new technology, ideas, etc.

Director Machaevich feels that it is important to share with others what we learn as we try to gain further information, but he does feel that a short write-up should be done and shared so that others can benefit. As long as it is related to the water industry or community awareness of what Zone 7 is doing, it is important to go and share information.

Director Figuers requested a report when Director Quigley returns that describes innovative ideas, new methods of doing things, what is technically going on around the state that could benefit us, not who you met.

On a motion by Director Stevens, seconded by Director Figuers, by a vote of 7-0, the Board authorized the following:

Resolution No: 11-4025	Authorizing Director Quigley's attendance at the Utility Elected Officials Conference September 8-10, 2010, in Napa. (Item 5d)

General Manager Jill Duerig asked the Board if, under Item 5 (a), the Board had adopted the revised resolution that was distributed was the one adopted. She said it might take another vote to clarify and wanted to make sure the resolution adopted is the one with the amended language as requested by Dublin San Ramon Services District.

Director Figuers voted to amend his previous motion to clarify that the Board was voting on Item 5 (a) as revised. Director Palmer seconded the motion which was again voted on and passed by a vote of 7-0 as Resolution No. 11-4022.

Item 6 - Staffing Updates

Item 6a – New Employee Introduction

Joel Larson, Instrument Technician I

Joel Larson was present at the Board meeting. Joel joined Zone 7 on August 9th as an Instrument Technician I in the Maintenance Section at Del Valle Water Treatment Plant. He reports to Barry Ivy and Gerald DeWitt. He has been working for Zone 7 through the Alameda County Temporary Assignment Pool (TAP) program since August of 2009. Prior to starting at Zone 7, Joel worked for several years as a Systems Repairman for USS-POSCO Industries in Pittsburg, California where he gained great experience troubleshooting and repairing various kinds of electrical and instrumentation equipment. He also attended the Instrumentation Program at Perry Technical Institute in Yakima, Washington.

Item 6b - Employee of the Month Recognition

Dan Moy, Safety Technician I, was also present at the Board meeting. He has been chosen from among those nominated as the June 2010 Employee of the Month. Dan works in the Human Resources and Safety Section, now called Employee Services which is part of our shift to blue, at the North Canyons Facility. According to the recommendations received by the committee, Dan has done an outstanding job reorganizing Zone 7's safety training programs. Dan is persistent, takes initiative, and is professional in the pursuit of his work. Dan is also recognized as being willing to assist other personnel in solving difficult problems that affect the Agency, which is most appreciated. Ms. Duerig noted that Dan helps solve safety problems, not just pointing them out.

President Greci pointed out that he has known Dan for over twenty years from 4H and from the Lawrence Livermore National Lab. Dan has a tremendous background in pyrotechnics and works as a technician doing fireworks.

Director Palmer took the HazMat program recently with Dan and said she is pleased to see him get the recognition he deserves.

President Greci remarked that the HazMat program is mandated for anyone handling hazardous materials and it is quite expensive for anyone to go to because you have to go to certain locations; however, because that program is now being done in-house, using the technical abilities of current employees like Dan, it saves Zone 7 consultant costs.

Item 7 – Presentation on East Bay Regional Communications

Director Chris Moore introduced East Bay Regional Communications System Authority's (EBRCSA's) Executive Director Bill McCammon. EBRCSA will have far-reaching implications for how we communicate in the public sector in the future, both public safety as well as agencies such as Zone 7.

The Authority was formed on 9/11/07 after three years of work by the Public Safety Police and Fire Chiefs in both counties. They decided that they wanted to come together and address the subject of inoperability, form a task force, and get City Managers and officials involved. Eventually they formed a Joint Powers Authority. Once the system is up, if Zone 7 has field needs and wants to join the system, there is an opportunity as well. The group works well together and there is equal representation between both counties. Participants are appointed by their own organizations (i.e., City Managers are picked by the City Managers' Organization).

There are 36 member agencies in the system that serves both counties. The area of most concern for Zone 7 is eastern Alameda County and a little of Contra Costa based on our coverage map. Today the Cities of Livermore and Pleasanton are served by a single site, the Doolan Water Tank. When the new system is built out, there will be two sites: one at Patterson Pass and one at Crane Ridge. The Sunol Repeater site, an existing site, will also be used so we will have significant coverage for the Tri-Valley area. Public safety agencies are anxious to get on the system because of the coverage it will provide.

When they first started, the Department of Homeland Security grants were coming into the area, so since 2004 they have received close to $39 million in grants from a number of different sources. They also have had strong support from the Mayors in the Tri-Valley. Chief McCammon goes to Washington during the Mayors Conference with a legislative agenda and works with Legislators such as McNerney, Tauscher, Boxer and Feinstein for support.

Chief McCammon discussed the cost projections to finish the system as it can't be built only with grants -- local financing is needed. The Authority hired an engineering firm to look at what it would cost to complete the system: $31 million (which included a $3 million contingency). They also wanted to look at the cost to maintain and upgrade the system over the life of the system and determined the cost at $3.8 million dollars. The Authority hired a financial advisor and bond counsel to look at financing options in each County because all has to be completed before the end of 2010 so working to expedite financing by the two counties. Based on population, about a 60/40 split is recommended so Alameda County will fund about

$10.2 million of financing and Contra Costa about $6.8 million. EBRSCA will repay the counties' debt using the "user fees" collected from system users.

The system backbone costs will be allocated to each jurisdiction based on the number of radios each jurisdiction operates on the system (like a cell phone bill) so it will cost between $40-$45 a month per unit which includes the debt service on capital as well as the operations and maintenance fee to operate on the system. As more users are involved, that fee may be adjusted downwards but the cost of the operations and maintenance fee won't change. The Finance Committee has set the number at $40 to $45 but it is a hard number to pin down as they are going through the process to secure the funding, each jurisdiction is having to tell them how many units are going to operate on the system initially and that number "has a little swing on it" because if people are going to have to pay, they want to make sure they have the right number of units to operate on the system.

Additional agencies that want to come on after the financing has gone forward would be charged an additional $200 per radio to come on to the system and then they would pay the same monthly user fee.

Now there is a fairly aggressive schedule after years of planning. ARRA funds have to be secured before the end of 2010, which means the funds will become available around December for the build out of the system and the system would be complete by January 2013.

The Authority has not reached out to Special Districts, but once initial funding is acquired, they will come back to agencies to see if interested.

Chief McCammon applauded Director Chris Moore for leading the charge to obtain a secure spectrum for public safety using broadband technology. Chris is responsible for bringing public safety groups together at a national level and as a result there is a bill in the House, a bill in the Senate, and Congressman McNerney and Garamendi both signed on as co-sponsors.

The Urban Area Security Initiative worked with Broadband Technology to submit a partnership grant through the vendor and they were awarded a $52 million dollar grant which included 30% matching so it totals $89 million dollars to build out a broadband network for public safety for the entire Bay Area, about 200 sites. SCADA is one that would be accessible.

Director Palmer asked if this system will replace some of the 800 MHz systems that are online at the moment? Chief McCammon replied that it is going to replace the county system today because it is very near the end of its useful life and needs to be upgraded. He is not sure how communications are provided today and whether Zone 7 is on the county system or not, but if we are, we would transition over unless a decision was made to go a different direction.

Director Figuers asked if this initiative is purely hardware based and are there cost savings for the various districts that go into it as they would not have to maintain a portion of infrastructure such as antennas?

Director Palmer stated that she understands the need for common hardware to talk to each other but does it make the system more vulnerable? Chief McCammon responded that it actually builds redundancy into the system. Today the Cities of Livermore, Dublin and Pleasanton have one site. If it goes down, the system doesn't work. With multiple sites serving an area, the layers of redundancy are built in to the master site. GPS units and the availability to locate an employee allows even operators at treatment plants being able to go back and forth without losing connection with the plants. Dead zones in public safety are an annoyance and are dangerous. We need a system that works all the time, everywhere, and has almost a "no fail" failure rate.

Item 8 – Authorization to Negotiate and Execute the Agreement for Supplemental Funding with the Department of Water Resources (DWR) for the Delta Habitat Conservation and Conveyance Program (DHCCP)

Assistant General Manager, Engineering, Kurt Arends, discussed the need for additional funding for the DHCCP. In December 2008 funding was authorized for the first level estimated at $140 million which was split between State and Federal contractors and ultimately Zone 7's share was about $1.5 million. Since that time they have come up with new estimates of the total cost of the DHCCP effort. It has increased by about $86 million.

There are two different efforts and two different funding sources. We were the contract administrator for the BDCP but that has been transitioned to DWR. DWR is handling both the funding for the BDCP and funding for the DHCCP so that is why they identified that they need $100 million total; $14 million for the BDCP which has already been authorized, and $86 million additionally for the DHCCP. Our share will range anywhere from $876,000 to $923,000 based on how many SWP contractors participate. The reason for the increase is 1) the schedule has been extended and 2) additional analyses have been requested by the resource agencies. The tunnel was initially thought to be an unreasonable option but since that time a tunnel beneath the Delta versus a canal around is a viable alternative. However, the tunnel option had not been developed to the same level of analysis as a canal so that added to the additional cost of the work.

President Greci asked for clarification that the additional funding is due to a change of thought from the canal around the Delta to a tunnel under it. Mr. Arends responded that it is an environmental analysis which looks at alternatives. At the time the western alignment versus the eastern alignment was the debate but since then the idea of the tunnel under the Delta has received more traction and is a viable alternative. There is a lot of technical information about canals around the Delta but the concept of tunneling under the Delta has created the need for a lot more analysis. President Greci said it would have been a straight shot from A to B for the canal but the Delta is not straight, so that would be an increased cost. Mr. Arends clarified that the tunnel would be shorter and a straight line where a canal would have to meander around the Delta.

Director Figures asked what would happen if this were not approved. Mr. Arends responded that we would opt out of the funding. Part of the deal of creating additional funding is that we would have opportunities to be part of the approval of budget and schedule but see the Administrative

Draft of the EIR documents before they are public. The BDCP is open but the DHCCP environmental process is more of a closed door process. The water agencies that are part of that analysis are not part of that documentation. We wanted to see the EIR/EIS administrative draft before it went out to the public for review so we have an opportunity to comment and have influence on that.

Director Figuers responded that we are talking one million bucks to get a sneak peek. Mr. Arends reminded him that Jill Duerig is on the Board. Ms. Duerig said it is pay now or pay later. With 80% of our water coming through the Delta, the chances of us opting out of any improvements in the long run are slim and if we are going to eventually be part of the improvements to the Delta, then we will have to pay this fraction.

Director Figuers questioned what she meant about part of the improvements to the Delta?

Ms. Duerig responded that there is a discussion about dual conveyance: keeping the current infrastructure through the Delta in years where there is plenty of water and we are not causing any ecosystem unrest, which may be infrequent, and certain agencies could opt to take water then. However, if you opt into paying for the improvements, then you can take water either through the improvements (i.e., the tunnel, the canal) or through the old conveyance straight through the Delta. Given our reliance on the Delta, it is not feasible to say that we would go onto an interruptible supply and go down to zero on the years they were using the improvements. Not an option for Zone 7.

Director Palmer asked Ms. Duerig if at this point we have, although not a say in it, some type of influence in at least putting forth our ideas. Ms. Duerig replied that we are at the table and have more influence than we would have otherwise especially as Zone 7 is not one of the largest agencies. Kurt Arends sits on the Steering Committee of the BDCP and she sits on the Executive Group of DHCCP which means, to the extent that they are releasing any information, Zone 7 would get to scrutinize it, comment on it, and try to guide it. It also has Zone 7 actively participating in the State and Federal Contractors Water Agency.

Director Quigley asked of the 29 State Water Contractors, how many have opted out?

Mr. Arends stated that 22 have confirmed. $750,000 is factored into water rates as a Delta charge – about one-half percent of what is proposed to maintain a level for the next year and a half.

Director Quigley made a motion to authorize the General Manager to negotiate and execute the DHCCP Agreement for Supplemental Funding and Director Machaevich seconded the motion. After a roll call vote, Resolution No. 11-4026 was approved 7-0.

Item 9 – Hydrostatigraphic Investigation of Chain of Lakes Project – Monitoring Well Installation, Project Number 208-11

Kurt Arends presented this item by reminding the Board that in 2007 Zone 7 submitted an application for a Local Groundwater Assistance Program grant. After several iterations to the grant process and resubmittals, in May 2010 Zone 7 got an approved grant proposal to fund $250,000 toward this project. The current plan is to recharge using Lakes H and I. Zone 7 does not have a lot of subsurface investigation information regarding the rest of the Chain of Lakes area. This will help us answer some questions regarding potential recharge in Lakes C and D. Lakes H and I are the most northwesterly lakes and C and D are along the southern, eastern corridor of the Chain of Lakes. This is a grant to do a subsurface investigation. It will fund a 600-foot bore hole monitoring well near Stanley Boulevard as well as pump tests and additional work.

Zone 7 went out for bid for the well installation and received two bids. Unfortunately there was a bid protest and we agreed the easiest thing, and hopefully it will get us better prices, is to re-bid the project. The resolution requests that the project be re-bid and with the plans and specs as presented. Next month staff, along with the results of the re-bidding process, will give a more detailed presentation of the work being done and how that fits into our overall groundwater planning effort.

Director Palmer asked if the WDC Exploration protest was denied, then are we going ahead and starting the bidding all over again?

General Counsel Ren Nosky explained that WDC protested the bid because apparently Cascade's bid came in an overnight envelope which was opened and the bid was in a binder. The bid specs said the bid had to be in a sealed envelope. Cascade ended up being the low bidder. WDC submitted a bid protest based on the fact that Cascade's bid was not sealed. Mr. Nosky instructed staff that Zone 7 could waive it as a minor irregularity. WDC had raised questions about the integrity of the process based on the fact that there were no adverse consequences in terms of timing, costs, etc. by rebidding, so the collective decision was to rebid the project.

Director Moore asked the amount of the engineer's estimate. Mr. Arends told him $150,000. Zone 7 got good bids and hopefully there will be better ones next month.

Director Greci asked if the timing of the bids influenced the execution of the grant?

Mr. Arends responded that we need to move along to stay on schedule but in the next month staff will re-bid, have the bid opening, and be back next month for the award, well within the grant time-line.

Director Palmer asked if it had to be done by December but Mr. Arends assured her that there is a schedule that was submitted and work would be completed within the grant schedule despite a one-month delay.

President Greci asked for public comment but there was none.

Director Figuers said he has technical questions but will talk to Matt Katen and staff off-line.

Director Stevens moved and Director Figuers seconded the motion to approve Resolution No. 11-4027 which was passed by a roll call vote of 7-0. General Counsel Nosky verified that the Board's action included rejecting the bids.

Item 10 - Committees

None.

Item 11 Items for Future Agendas – Directors

President Greci asked that on the next agenda there be an item in regards to brainstorming potential water supply availabilities. He felt the Directors need to work in conjunction with staff because there may be some issues they may bring up that staff has already reviewed and it would help avoid redundancy.

President Greci also requested a meeting to set criteria for Director travel. Either a budget for each director or a budget for all directors be set with a certain amount of money that can be spent in the next year for travel and stick to the budget. Not all directors have the availability to travel so if there was a set budget and a Director has the time and willingness, he/she will have a budget for travel.

Jill Duerig recommended the Delta Committee which also serves as a Water Committee and has been provided periodic updates on the Water Master Plan, be used to again provide a forum for discussing water supply opportunities.

Director Palmer wants to explore EBRSCA communications as explained in the presentation by Chief McCammon and address if there is something Zone 7 wants to pursue and be a part of in the future. Director Moore said it would probably be three months before that discussion once funding is in place and they are in the middle of build out, then they will be able to decide what services they will be able to offer and what would be good for Zone 7.

Director Christopher Moore left.

Item 12 - Reports - Directors

a. Written report by Director Quigley
b. Verbal reports

Director Palmer made contact with Michael Campana, NRC Commissioner on the Delta, while on a personal trip and was able to start the conversation about reviewing the BDCP before Thanksgiving. She felt this is an important contact that she will maintain.

Director Quigley gave details of his tour of Byron Bethany.

Item 13 – Staff Reports

Staff Reports (Information items. No action will be taken.)

a. General Manager's Report
b. Recent & Current Public Outreach Activities
c. Legislative Update
d. Status Report on Separation Efforts
e. Verbal Reports

Kurt Arends announced the Bay Area Water Utilities Softball Tournament on Saturday, August 21, at Twin Creeks Softball Complex in Santa Clara. This is the first year that Zone 7 has put together a team. Eight or nine different water utilities are participating (i.e., Santa Clara, East Bay Mud, Zone 7, and quite a few others). It is a benefit fundraiser tournament for the American Heart Association.

The Board went into closed session at 8:25 p.m.

Item 14 – CLOSED SESSION

a) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 2 cases

b) Conference with Legal Counsel – Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 1 case

Central Delta Water Agency, et.al. v. California Department of Water Resources, et al.; Sacramento County Superior County Case No. 34-2010-80000561

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

Item 15 – OPEN SESSION AND REPORT OUT OF CLOSED SESSION

President Greci announced that the Board of Directors in Closed Session unanimously agreed to maintain compensation levels for Local 21 and unrepresented management, with no increases for the upcoming year.

The meeting was adjourned at 8:55 p.m.