

SUMMARY MINUTES OF THE ADMINISTRATIVE COMMITTEE
ZONE 7 BOARD OF DIRECTORS

August 2, 2012
1:00 p.m.

Directors present: John Greci
Sarah Palmer
Bill Stevens

Zone 7 Staff: Jill Duerig, General Manager
Maya Ferry-Stafford, General Counsel
Tom Hughes, Assistant General Manager,
Administration
Judy Rector, Board Secretary

Members of the Management Advisory Team

Colter Andersen, Operations
Kurt Arends, Engineering
*Tamara Baptista, Finance
*Jarnail Chahal, Engineering
Margaret Chun, Accounting
*Barry Ivy, Maintenance
Matt Katen, Groundwater
*Carol Mahoney, Integrated Planning
* Tom Hughes, Administration
* Tom Pico, Employee Services
*Members of the MAT/SAT Separation Team

Members of the Staff Advisory Team

Caroline Abram, Operations
Anthony Choi, Accounting
*Joel Larson, Instrumentation
Dan Moy, Safety
*Gerald DeWitt, Maintenance
Linda Van Buskirk, Administration
Brandon Woods, Engineering
*Pony Yim, Laboratory
Paul Zullo, Operations

Director Greci called the meeting to order at 1 p.m. and there was a salute to the flag.

1. Public Comment on Items Not on the Agenda - none.
2. Discussion on Options for Moving Forward on Separation

A committee was formed of members from the Management Advisory Team (MAT) and the Staff Advisory Team (SAT) to consider possible next steps following SB1337.

All employees were invited to attend and participate.

General Manager Jill Duerig thanked everyone on the teams and volunteers for the MAT/SAT Separation Committee for putting together the options and the presentation. Members introduced themselves.

The committee developed a list of options for moving forward on separation along with pros and cons for each option but did not include the quantitative financial implications or the likelihood of success for each option at this time.

Jeff Tang from Flood Control reviewed the options for separation. The committee was formed after the legislation for separation failed and due to recent concerns brought up by Alameda County and in the Grand Jury Report. Members of the MAT and SAT teams came together to form the joint Separation Team and brainstorm what options they could come up with to move forward.

Mr. Tang referred to the agenda package handout which summarized the following options and included a brief summary of the purpose of each option:

Option 1: Pursue separation via Legislation -including Flood Control

Meets the original objectives but needs a buy-in from Alameda County.

Option 2: Pursue separation of water enterprise via Legislation; leave Flood Control with County

This option meets most objectives but would not keep the Agency whole and would give up local control of flood protection, transferring it to Alameda County. Also would make the use of integrated resources in flood control and water supply difficult.

Option 3: Pursue separation via LAFCo process with or without Flood Control

A process similar to going through the legislative process because it would still focus on maintaining the water enterprise portion of Agency but flood control would still be left out. The process of going through LAFCo, a County-related agency, would also involve going through both Alameda County and Contra Costa County.

Option 4: Fully exercise authority under AB 1125

Would keep Agency whole but would require further legal interpretation of AB 1125.

Option 5: Referendum/Petition

Let the public decide what sort of Agency Zone 7 should consider pursuing similar to how Zone 7 was established in 1957 where voters made the decision that they wanted local control.

Option 6: Do nothing at this time/Status Quo

Not the best option for achieving objectives but would keep Agency whole.

Jeff Tang said the purpose of the Committee was to make the Board aware of alternatives and it is not a final document. The Committee is still looking for final input to see where it needs to go.

Director Greci asked for a hand vote of all employees that currently work for Zone 7 and want to separate from the County; he then asked for those who do not want the separation. Significantly more people raised their hands to pursue separation.

Director Greci stressed that when the subject of separation from the County came up, one of his main concerns was that the Board would take care of employees and they would not lose anything, and it might even be better. Morale is a key issue. It is important to be good to employees to retain top performers. The Board does not want to create fear amongst employees and diminish morale. If this process is pursued, it is to meet the voters' needs and why this organization was formed. We keep flood control. The voters voted for both flood and water when Zone 7 was formed. We also want to take care of our people because the success of this organization is based on the employees. If employees are not in favor of

separation, the board needs to hear why so they can explain: it might be a misunderstanding.

Director Greci explained that two key reasons to separate were to give voters a say and to do what is best for our customers. The cost of doing business is directly reflected in the water rates the public pays. The County collects administrative fees to do business that Zone 7 can do in-house such as purchasing and recruitment.

He also stated that the organization's success is based on everyone at Zone 7. He hopes that no one holds back and is afraid to speak their mind. The Committee needs to hear from all employees, questions you have, information that was misunderstood or that you did not receive. The Committee wants to close those gaps. It is imperative that there isn't a person on our staff that doesn't know what is going on because this affects each employee's life. The Board is going to protect employees, they all have job security, and morale has gotten better.

President Palmer said that getting the vote for Dougherty Valley is critical and that Dougherty Valley residents need to understand what we are trying to do and they need to become part of the process because they are being served by us and need to be and feel represented.

Director Stevens asked that employees stand up and say why they are against it and feel free to talk. This committee meeting was a chance for the Board to learn from employees and for them to learn how the Board thinks.

President Palmer asked what the Separation Committee sees as the best case scenario. The MAT/SAT team expressed their individual opinions:

Pony Yim, Water Quality Laboratory, reiterated that they formed the committee following legislation fallout and to brainstorm options and present them to the Board. He would like more interaction, too, because the Committee didn't have a recommendation regarding what option would be best.

Jarnail Chahal, Engineering, stated that he feels keeping flood control is very important for managing and integrating the valley's water resources and using the arroyos for groundwater recharge because you cannot manage supplies without arroyos and the future Chain of Lakes for water supplies.

Director Greci interjected that a key issue in future plans is controlling streams because with the Chain of Lakes plan, if Zone 7 doesn't have a say over those creeks and that water supply, it could be difficult to convey water to the quarries where we plan to recharge.

Carol Mahoney, Integrated Planning, also feels it is important to keep flood control with water supply functions. As a resident of the valley, she recognizes that local control is critical. She can't imagine valley residents going to Oakland or that Hayward to be heard. She lives in an area near one of the flood zones and she would want to make sure that Zone 7 is able to address any issues immediately.

Barry Ivy, Maintenance, stated that his view of separation is based on the cost and time involved with procuring equipment and parts and it is not efficient. Due to delays in County purchasing and procurement, Maintenance has to find a work-around for repairs and it puts the public in jeopardy. He is a Zone 7 customer, too, and if people realized what Zone 7 staff goes through to provide water, they would be astounded. He would like to pursue Option 1.

Director Greci said that at one of the meetings he and Jill attended with Scott Haggerty, procurement and purchasing directly in a more timely fashion was discussed.

Joel Larson, Instrument Technician, agreed with Option 1 to include flood control and pursue legislation. Efficiency in maintenance itself would be huge. He thinks the rewards are worth the risks.

Gerald DeWitt, Maintenance, agreed that an inordinate amount of time is devoted to purchasing. Also the hiring process could be greatly speeded up if Zone 7 did it ourselves. Separating would save money as well by not having to maintain duplicate and triplicate systems which take more effort and you are unable to do something else instead. He is in favor of Option 1.

Tamara Baptista, Finance, gave the Finance Department's view as a service provider for maintenance. Her department wants to provide good customer service but they are delayed waiting for the County to process things. All purchase orders must go through Alameda County's auditor's office. She discussed her feelings about Option 4 - fully exercise authority under AB 1125. She agrees with keeping the Agency as a whole and keeping flood control but under AB 1125, there is a difference of interpretation of what Zone 7 considers its authority under AB 1125 and what the County considers Zone 7's authority. Part of the "cons" under Option 4 is further legal interpretation of what is AB 1125. The County may think that we are already doing everything we can under AB 1125 but maybe there are opportunities to improve and streamline purchasing and improve recruiting. There needs to be a further exploration of AB 1125 under Option 4.

Jeff Tang, Flood Control Engineering, echoed the sentiments about the Grand Jury Report because flood control has been a part of the agency since the beginning and providing that service for over 50 years. To discount their work was a slap in the face and part of the reason why he volunteered to be part of the Separation Committee was to make sure flood control was retained at whatever cost. He does not see Options 1 or 4 as being a roadblock as long as we are able to meet and discuss things with the County.

Director Greci complimented the employees in flood control for doing such a great job. No one at the County level understands what has been done. Flood control is just as important as the rest of the organization with lots of expertise and skills in that part of the business.

Larry Akinsiku, Flood Control, said that we need to start educating the public. These voters are the equalizer against the heavyweights in the County. If we have to put in a referendum regarding Zone 7 for the voters to decide, we have to get a letter to the property owners so they understand how flood control affects their property. The voters need to understand the benefits of Zone 7 flood control and maintenance including when there is an emergency

and they have to wait for the County. Let the citizens know what flood control is doing; all they see are the trails when they walk their dogs.

Director Greci commented on educating the public. If you want to get support, you need to educate them. They are not going to vote on anything they don't know about. Talk to neighbors and get unity and the public as the equalizer. Get the public involved on where Zone 7 wants to go and start working the politics so people understand what Zone 7 wants to do.

Director Stevens and Director Greci discussed how the Chain of Lakes integrates water resources and can't be separated because we want to use for both water supply (storage and recharge) and regional flood control. If the County has flood control, Chain of Lakes might not be fully utilized. Should something catastrophic happen to the Delta which conveys 80 percent of our water, cutting it off, we could fall back on the groundwater basin. Once we complete Chain of Lakes, it gives us another capability to continually sustain the water in this valley.

President Palmer discussed the recent meeting she and Ms. Duerig had with Supervisor Scott Haggerty and Hank Ackerman from Alameda County Flood Control. A letter signed by Supervisors Haggerty and Miley said go ahead with separation but Zone 7 can't have flood control. Mr. Ackerman said the issue is siltation. Silt comes from a lot of different sources but that was expressed as Mr. Ackerman's main concern on Zone 7's impact on the lower part of the extension of its' watershed.

In response to Ms. Duerig's urging that people in the audience talk about their concerns regarding separation, Diana Gaines, Integrated Planning, said she is on the fence because of the existing problems with purchasing but on the other side she hears concerns over whether it will all work out as planned and concerns about losing support for employee rights.

Director Stevens said the state has directed LAFCo to consolidate agencies and Zone 7 is on that list. That part of the Grand Jury report was correct. We are not sure what the state is going to do but if feels strongly about letting the state and people from this area make decisions for us. He understands the concern about Civil Service but something will replace it.

Ms. Duerig said that all four bargaining units negotiated transition agreements and dispute resolution procedures to replace the civil service commission which is to go to a mutually-agreeable mediator. Tom Hughes explained that all four unions thought it was preferred to a civil service commission because it is binding arbitration which is a grievance process. Civil service is non-binding but does not use a mutually-agreeable arbitrator. The Civil Service Commission is appointed by the Board of Supervisors and the transition agreement says the Unions have a say about who the arbitrator will be. The rights in the transition agreement are stronger than the current MOU provisions because the bargaining units had a strong say in the agreement.

The public was asked for comments:

Roz Rogoff ran twice for the DSRSD board and lives in San Ramon but not Dougherty Valley. She writes a blog under the name of San Ramon Observer in the San Ramon Patch. She has been reporting on Zone 7 since running for the DSRSD board. When the legislation bill was pulled, she wrote a very irate blog because of the whole issue of public support. No one in San Ramon or Dougherty Valley came out to say keep this bill going; no one contacted De Saulnier and said we want this. It upset her because this is something that is needed and she knows from DSRSD and their letters of support that it is so hard to get information out to people. She hopes she can write something that will get support because the level of indifference is staggering. People complain but when she ran for DSRSD in 2004, she went to Dougherty Valley to campaign and people said we hate the water, can you do anything about it and then they don't do anything but complain.

Lori Rose, a DSRSD employee, speaking solely as a Dublin resident, said she is in favor of separation. As an employee she does have more knowledge about how the agency works and personally supports it but not enough knowledge as a resident about why it is so important to keep flood control. Zone 7 should focus on educating people so they can make a decision.

Pony Yim, Laboratory, stated that flood control has done a good job for 50 years for Zone 7 because in 1955 there were lots of floods in the area and people realized that floods affected their life and so they formed Zone 7. Zone 7 locally controlled and managed the flood area so now, because they have done a good job, no one has to worry about flooding in this area anymore. That is why it is important to educate about flood control management in Zone 7 and let the public know that we are doing a good job for citizens in the valley.

Director Greci stressed the need for Zone 7 staff interaction with the board to give input. In turn the board will keep them informed and welcome any questions. If you get questions you can't answer from the public when talking to them, write them down and bring them in. We will get answers because staff is on the team for educating, too.

President Palmer asked how many employees present are residents of the valley and recruited them as part of the education campaign to get out there and inform the public about what is going on with the County separation issue.

3. Verbal Reports - none.

4. Adjournment - The meeting was adjourned at 2:15 p.m.