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

REGULAR MEETING
August 20, 2014

President Greci called the meeting to order at 6:59 p.m. The following were present:

DIRECTORS:	JOHN GRECI JIM MCGRAIL SARAH PALMER DICK QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	SANDY FIGUERS
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING CAROL MAHONEY, MANAGER, INTEGRATED PLANNING RHETT ALZONA, SENIOR ENGINEER, FACILITIES ENGINEERING JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

President Greci called the meeting to order at 7:00 p.m.

Item 2 - Pledge of Allegiance

President Greci led a salute to the flag.

Item 3 - Citizens Forum - none.

Item 4 - Minutes of the Regular Meeting of July 16, 2014 and Special Board Meeting (Board Workshop) of July 21, 2014

Director Stevens moved and Director Palmer seconded the motion to approve the minutes of July 16, 2014. The minutes were approved by a voice vote of 6-0-0-1 with Director Figuers absent. Director Palmer moved and Director Quigley seconded the motion to approve the minutes of July 21, 2014. The minutes were approved by a voice vote of 5-0-1-1 with Director Ramirez Holmes abstaining and Director Figuers absent.

Item 5 - Consent Calendar

Item 5(a) - Participation in the Bacon Island Levee Rehabilitation Project

Resolution No. 15-03	Authorized all agreements and contracts necessary to participate in the Bacon Island Levee Rehabilitation Project. (Item 5a)

Item 5(b) - Document Management Software for Records Retention/Management

Resolution No. 15-04 Authorized (1) a contract with Incrementum for Laserfiche software, support and project management; and (2) a contract with Kaizen InfoSource LLC to assist with the implementation, training and mapping. (Item 5b)

Director Stevens moved for approval and Director Quigley seconded the motion, which was approved by a roll call vote of 6-0-0-1 with Director Figuers absent.

Item 6 - Staffing Update:

Ms. Duerig announced that the June Employee of the Month is Judy Rector, Executive Assistant, who was present so the directors acknowledged and applauded her.

Item 7 - Environmental Compliance & Planning As Needed Services

Carol Mahoney, Integrated Planning Manager, told the Board that on-call services contracts are occasionally needed to help Zone 7 move projects forward, i.e., environmental surveys on routine projects or answering CEQA questions when staff does not have the expertise, or doing biological surveys. In 2013, a contract with ESA for three years was approved but Zone 7 staff made sure everything went smoothly the first year before committing to the other two years. Staff is asking for the option to extend the contract for two additional years at a total of $215,000 annually for a total of $645,000 for all three years as approved in October 2013. ESA has been doing a good job and the recommendation is to continue the contract with ESA for the remaining two years: 2014-2015 for $215,000 and an additional year for 2015-2016 for $215,000 for a two-year total of $430,000.

Director Stevens moved for approval and Director Quigley seconded the motion, which was approved by a roll call vote of 6-0-0-1 with Director Figuers absent.

Resolution No. 15-05 Authorized the extension of the contract with ESA for two additional one-year periods. (Item 7)

Item 8 - Award of Contract for the PWRPA/Zone 7 - Mocho Electrical Facilities Installation Project

Kurt Arends, Assistant General Manager, Engineering, provided background information on this construction project. In 2011 Zone 7 entered into an agreement with PWRPA (Power and Water Resources Pooling Authority), a public entity from which Zone 7 can purchase power cheaper than PG&E. Zone 7 and PWRPA have worked together identifying accounts that can be switched over so Zone 7 can receive PWRPA power at a lower rate and achieve savings. The Patterson Pass Water Treatment Plant was the first project and has been completed. The next project was the Mocho Complex (Mocho Pumps 3 and 4 and the Demineralization Plant) and one service supplies all of those facilities. In order to convert from PG&E, the construction of intermediate facilities between PG&E, ACE Transmission Facilities, and Zone 7 facilities is required. New transformers, switchgears and hardware to take the power from the PG&E system before it goes to Zone 7's system is a large capital cost but offset by cost savings that are paid through reduced PWRPA rates. Part of the requirement is the design process. PG&E increased the hardware requirements, and the cost of the switchgear increased by $175,000, which was not accounted for, so the Engineers Estimate was $645,000. Two bids were received: Blocka Construction at $797,500 and Bockman & Woody Electric at $984,400, both higher than anticipated. The estimated energy cost savings by completing this project are approximately

$250,000/year. Staff recommends awarding the contract to Blocka Construction along with an additional appropriation of $307,000 to complete this project and cover the additional design requirements by PG&E.

Director Quigley confirmed that the life expectancy of the facilities would be between 20 and 30 years so, as long life cycle assets, and after the investment is paid, considerable money could be saved. He asked if we would have a budget line that tracks the power savings. Mr. Arends said that the savings could be calculated but the money budgeted is based on the anticipated cost of electricity. Director McGrail agreed that the project makes sense but he suggested documenting the $250,000 savings so the public can see it. Mr. Arends replied that Sal Segura is Zone 7's key person that tracks power use and is on the PWRPA Board. He tracks all of the Zone 7 facilities, electrical accounts and rates and should be able to provide that information.

President Greci noted the considerable amount of money also saved by using solar panels at Del Valle Water Treatment Plant.

General Manager Jill Duerig mentioned that the PWRPA involvement was spearheaded by Zone 7 Consultant Carl Morrison.

Director Stevens asked why Blocka's bid was so low and Bockman's was so high. Mr. Arends said the switchgear and the trenching costs were the primary bid items that were higher than expected along with a supply-and-demand factor, which influenced the cost because as the demand goes up and the supply of contractors goes down, prices go up. PWRPA staff as well as an electrical engineer reviewed the bid. Re-bidding the project was considered but it made more sense to move forward due to the cost savings with this project. Rhett Alzona, Senior Engineer in Facilities Engineering, said the low bid included $300,000 for the switchgear but the higher bid included $500,000 for the switchgear, which accounts for the $200,000 difference on just that item or the bids would have been more comparable.

Director Ramirez Holmes asked if an additional appropriation would come from reserves. Mr. Arends explained that it would come from Fund 120, the account for Renewal and Replacement, shifting from reserves to the active fiscal budget for that fund.

Director Stevens moved for approval and Director Quigley seconded the motion, which was approved by a roll call vote of 6-0-0-1 with Director Figuers absent.

Resolution No. 15-06	Authorized a contract with Blocka Construction, Inc. for the PWRPA/ Zone 7 - Mocho Electrical Facilities Installation Project. (Item 8)

Item 9 - Contract Amendment No. 1 to the Chain of Lakes Well No. 5 Project

Rhett Alzona, Senior Engineer in Facilities Engineering, reminded the Board that the purpose of the Chain of Lakes Well No. 5 project was to increase well production capacity due to a lack of surface water in part because of the drought. Chain of Lakes No. 5 meets the long-term water supply demands and was identified in the Well Master Plan. A Progressive Design Build (PDB) approach was used for collaborative partnering not to exceed $3.5 million, a rough cost based on the basic design and construction costs of Chain of Lakes Well No. 2. On January 29, 2014, when the Board approved the project for Chain of Lakes Well No. 5, another $100,000 was approved for miscellaneous costs for a total of $3.6 million.

Conco West was the low bidder for Chain of Lakes Wells No. 1 and 2 so they are familiar with Zone 7's needs and the design. Stantec Engineering was brought in because they have engineers who had been involved with the design of Chain of Lakes Wells No. 1 and No. 2. To keep the project moving, the group worked in phases such as bidding for the monitoring well, and Cascade was the low bidder at $130,000, higher than anticipated. Two bids for drilling the production well were received and Maggoria was the lowest bid at $804,000.

The project estimated cost at completion was $3.5 million. Additional costs for the contract amendment, property acquisition, and additional staff costs totaling $615,000 need to be appropriated to complete the project.

President Greci asked for public comments but there were none.

Director Ramirez Holmes asked if a previous contract for Mr. Mahoney was related to this project. Mr. Alzona explained that Mr. Mahoney ran three projects: the Cope Lake Pipeline project which was completed early and on budget; he is still actively working on Chain of Lakes No. 5; and he is leading the Busch Valley Well No. 1 basis of design project where they are trying to get a realistic cost for Busch Valley No. 1. Director Ramirez Holmes asked if the additional line items had not been anticipated or were not part of what the Board saw as a total package. Mr. Alzona said staff was trying to complete the project by the end of August and in the short time they had to prepare the agenda item for January, failed to include some of the ancilliary costs such as the PG&E service cost. Director Ramirez Holmes asked if the production capacity was low or as expected and Ms. Duerig responded that it is better than expected.

Ms. Duerig explained that staff usually brings just the contract to the Board for approval and the PG&E service costs could have been a separate item, but the full cost is shown instead due to requests by the Finance Committee. Because it is not a typical project, it has not been a typical budget or process since January.

President Greci said that the VFD (variable frequency drive) for various speeds on pumps is very important and expensive, but needed to regulate the flow and protect the motor from burning out plus having maximum control of the water it will produce. He is happy with the process, the bid, and the drilling outfit and noted that drilling costs have gone from $45/foot to $80/foot to drill a 5-1/2 inch well with no guarantees.

Director Quigley asked for a framework on production wells of 2.5 mgd with wells not pumping 24/7 and sometimes turned off, and how many days are they in an “off” mode? Mr. Alzona said wells are balanced out depending upon demands. Any well can be turned on in different conditions. President Greci said it depends upon the amount of water Zone 7 gets from the state and less water from the state means pumping the wells more. He said we need the confidence that we have the ability to pump and Well No. 5 is vital to meet our mission of supplying this valley with water.

Director McGrail complimented Mr. Alzona on the presentation he gave to the Water Resources Committee. Director Stevens said that the project could have cost much more if the window of opportunity for this project had not been pursued in January. Zone 7 staff did the right thing to “rush” this project; however, he is concerned about the Busch Valley Well drilling and feels the project will cost more than what is shown on paper.

Director Quigley moved for approval and Director McGrail seconded the motion, which was approved by a roll call vote of 6-0-0-1 with Director Figuers absent.

Resolution No. 15-07	Authorized a contract amendment with Conco West for additional funding. (Item 9)

Item 10 - Committees

Liaison Committee Meeting with EBRPD/LARPD/Tri-Valley Conservancy - July 22, 2014 - notes
Water Resources Committee Meeting - August 12, 2014 - notes

Item 11 - Reports - Directors

a. Verbal comments by President
b. Written report by Director Quigley - none.
c. Other Directors' Verbal Reports

Director Quigley gave a verbal report on the water bond issue discussed at the July ACWA Board meeting and the unanimous vote to support the water bond. He said that some of the leaders north of the Sacramento area talked about thresholds that the bond needs and those were negotiated by the ACWA negotiating team and other stakeholders and became part of the package put together by the Governor and the Legislature. Director Quigley shared a handout of the October 19 and 20th Region 5 meeting at Martinelli Center in Livermore, which includes a tour of the DWR pumping plants and returning to Los Positas Vineyards for networking. The theme of the conference is "Approaches to Watershed Reliability in the Tri-Valley." He also attended the East Bay Regional Park's ribbon-cutting ceremony in celebration of the extension of the Iron Horse trail from Dublin to Pleasanton. Zone 7 was part of the collaborative effort for a $10 million grant for this project. The water community will have a "water table" for the East Bay Regional Board's September 13th 80th anniversary celebration.

Item 12 - Items for Future Agendas - Directors

Ms. Duerig shared a suggestion from Director Figuers that the Finance Committee have a standing meeting date every other month instead of as needed and asked for Board guidance. Director Figuers suggested that time be scheduled for a Finance Committee similar to the Special Board meeting dates that are reserved in advance if needed.

President Greci said that he has confidence that staff will ask for a meeting if needed but to have a meeting every other month creates extra work for staff and he does not think it is necessary. Director Palmer clarified that it would be scheduled for every other month but cancelled if not needed.
Ms. Duerig said the workload is usually around budget time and water rates so there may be a need to meet more often during that time with longer stretches of time between. Director Ramirez Holmes said that because it cannot be resolved now, it needs to come back as a future board agenda item. President Greci directed staff to place it on a future board agenda.

Item 13 - Staff Reports (Information items.)

a. General Manager's Report
b. Monthly Budget Update
c. Legislative Update
d. July Outreach Activities
e. Facilities Engineering Project Status
f. Drought Update
g. Groundwater Management Program Annual Report
h. Verbal Reports

Director Quigley discussed the Annual Groundwater Report that included data through October 2013 but he wanted current production numbers and how to replenish the groundwater basin. Ms. Duerig explained that the annual reports are for a defined period as a water year and the data in the most recent one is from October 2012 through September 2013. It takes time to compile the data and the Board usually sees it in May but staff wanted to make the report more organized and readable so the Board received it in August this year. Monthly reports such as the Drought Staff Report show groundwater table updates and what is being planned.

Director Stevens said that the last page of Staff Report 14(f), Drought Update, has a graph noting that we are going to obtain our drought protection storage from Cawelo and Semitropic. Because of planning for drought conditions, groundwater pumping is minimal. He feels this graph is very important. Director Stevens told Director Quigley that his questions may be answered at the bottom of Page ES-3 of the Staff Report 14(g), Groundwater Management Program Annual Report, which shows supply volume and stream recharge. Page 14 ES-7 has totals for groundwater and we have not hit the same lows as we did in 1991. Staff is doing a great job with limited resources getting water and making sure that groundwater is replenished.

President Greci asked that, after closed session, the board meeting be adjourned in memory of Tom McCormick. Mr. McCormick was a Board member for Dublin San Ramon Services District for seventeen years. The board then adjourned to closed session at 8:00 p.m.

Item 14 - Closed Session

(a) Conference with Legal Counsel - Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 3 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 - Existing litigation pursuant to Gov't Code Section 54956.9(d) (1):

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

(d) 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

The Board came out of Closed Session at 8:16 p.m. and President Greci reported there were no reportable actions taken in closed session.

Item 16 - Adjournment

The meeting was adjourned at 8:17 p.m.