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

REGULAR MEETING

September 17, 2014

President Greci called the meeting to order at 7:00 p.m. The following were present:

DIRECTORS:	SANDY FIGUERS JOHN GRECI JIM MCGRAIL SARAH PALMER DICK QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	NONE
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, 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 August 20, 2014

Director Palmer corrected the minutes on Page 3 by adding a comma to a sentence for clarification. The revised sentence reads as follows, "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." Director Quigley moved and Director Ramirez Holmes seconded the motion to approve the minutes of August 20, 2014. The minutes were approved by a voice vote of 6-0-1-0 with Director Figuers abstaining.

Item 5 - Consent Calendar

Director Quigley pulled Item 5(b) on the Patterson Ranch Lease Extension. Director Ramirez Holmes pulled Item 5(c) on Support for Continued Temporary Water Service for Livestock.

Item 5(a) – Request for "Out of State" Travel to attend the AWWA Cal-Nevada Section Annual 2014 Fall Conference in Reno, Nevada

Resolution No. 15-08	Approved out-of-state travel expenses for Bill Sadler, Kevin Correia and Colter Andersen to attend the 2014 CA-NV AWWA Fall Conference in Reno, Nevada. (Item 5a)

Director Palmer moved for approval of Item 5(a) and Director Quigley seconded the motion, which was approved by a voice vote of 7-0.

Item 5(b) – Patterson Ranch Lease Extension

President Greci reported that there was a Patterson Ranch Ad Hoc meeting recently and Director Quigley had questions about the meeting. Director Quigley said the agenda item surprised him because of the discussion on Patterson Ranch at the board retreat in July. Kurt Arends, Assistant General Manager of Engineering, responded that he understands Director Quigley is concerned about why it will take a year to develop a Range Management Plan and going through the RFP process.

Mr. Arends showed the Board and audience a draft schedule, which included a 13-month lease extension as part of the current lease, which expires on September 30th. A final draft Grazing Management Plan will be coming by the end of the month. Once that draft is received, Zone 7 staff will be reviewing and arranging for a peer review of the management plan.

It could take several months to finalize the plan. A Request for Proposals will be sent out and responses returned by February. After review, staff hopes to come to the Board in April with a proposed lease for the property. The current tenants requested a six-month notice to vacate the property due to equipment, material, belongings and livestock that would have to be moved. By coming to the Board in April, there will be six months before this proposed lease would expire on November 1, 2015.

Director Palmer said a hydrologic year is needed to be able to judge what is going on with a range management plan. Mr. Arends said getting through a season to know what plants are out there by the time the RFP is sent out would be difficult. A better grazing management plan could be done if given more time but it would delay the process. Director Palmer replied that if it is so important, why are we in a hurry and why not do it right. General Manager Jill Duerig clarified that the portions of the range management plan crucial to the RFP will be completed. The only thing that will be lacking is a complete inventory of the plants and the hydrology. This does not necessarily drive what will be in the grazing management portion of the RFP. Zone 7 will probably not be able to have a complete range management plan, which includes everything until we have a normal winter, which may be several years away.

There was further general discussion about the property, value to Zone 7 and the community and how board Ad Hoc committees report.

President Greci said he is happy to hear that SFPUC will do a peer review because SFPUC has been doing this for years. He reminded everyone that Patterson Ranch was not bought to make money on the lease, but to manage a watershed and that is the most important part of this lease. Some cattlemen who lease property are not familiar with watershed management and their interest is in feeding cattle and lessors aren't always interested in regrowth and reseeding for the next year for their cattle. In a watershed management plan, a higher percentage of the grass is left and you have to be more cognizant of the amount of grass that you leave so you hold back silt and erosion control. There are a lot of other issues involved with the grazing management plan and watershed management and it has to be done right.

Director Figuers moved for approval and Director Ramirez Holmes seconded the motion, which was approved by a voice vote of 7-0.

Resolution No. 15-09	Approved a thirteen-month extension to the existing lease with the existing lessee of the Patterson Ranch property. (Item 5b)

Item 5(c) – Support for Continued Temporary Water Service for Livestock

Director Ramirez Holmes asked that Item 5 (d) be pulled. Director Ramirez Holmes explained that she is in favor of providing temporary water service for livestock in the Tri-Valley service area but her concern is language in the agenda item stating "not limiting such service to the Zone 7 service area" and referred to an article in the local newspaper that someone traveled 30 miles into the area to truck water out. Given the limited amount of water available to the Tri-Valley, she is concerned that another agency might restrict water use to the point that their residents come here for water. Mr. Arends said historically we have provided water for agricultural livestock users at Patterson Pass. He explained that this item is part of the request by Supervisor Haggerty to try and limit barriers to allow expanded water use in a drought emergency and is almost a humanitarian issue of keeping livestock alive and healthy. Zone 7 can always refuse but this item allows Zone 7 to be a source for agricultural livestock users. Our current temporary contracts do allow us to limit use to the service area so technically water should not be leaving the service area; however, we would like to remove that barrier where acceptable, so if we are the closest source of water and have a reasonable request, we can provide water and they can maintain their livestock. This is not a lot of water from an agency perspective, maybe 10-20 acre feet a year.

Director Figuers asked if cattle can drink reclaimed water but President Greci said the salt content is too high. President Greci gave background details about water hauling and feels this is the humanitarian thing to do.

Director Ramirez Holmes said she cannot support the item as written. She wants to support the continued temporary water service for livestock in the Zone 7 service area, but with discussions about drought surcharges and raising rates and given that the board does not know what will happen next year in terms of the drought, she can't support supplying water outside of the service area.

Director McGrail added that the board is here to protect our residents and the board has a duty to the people they represent. The directors discussed the cost of hauling water, watershed coverage outside of the service area, and serving people outside of Zone 7's sphere of influence. Director Figuers suggested the idea of providing water outside of Zone 7's service area should be addressed again next spring when they know more about if the drought continues. Director Ramirez Holmes said that this would be a change in policy so maybe keep the policy and revisit in the spring if more water is available. Ms. Duerig added that the contracts refer to use in the service area but it has never been enforced and there are exceptions where water is going outside the service area. It does not involve that much water and most is used locally because it is expensive to haul water. It also gives a message to the local ranching community that Zone 7 cares about them and we don't deny them due to politics. She agreed that it is a change in policy and that is why it came before the board.

Director Stevens moved for approval and Director Figuers seconded the motion, which was approved by a roll call vote of 6-1 with Director Ramirez Holmes voting no.

Resolution No. 15-10	Temporary water service for beneficial uses including the support of livestock operations. (Item 5c)

Item 6 - Staffing Update

Ms. Duerig announced that the July Employee of the Month is Steve Ellis, Associate Civil Engineer in the Facilities Engineering Section. The Directors applauded him in absentia.

Item 7 – Agreement in Principle Concerning Extension of the State Water Project Water Supply Contract

Ms. Duerig introduced Theresa Lightle and Julie Ramsay from the State Water Contractors. Ms. Lightle made a presentation to the Finance Committee on August 28, 2014, and the Finance Committee directed staff to bring this item to the full Board for consideration. Ms. Lightle discussed the negotiations for a contract extension for the State Water Project Water Supply contracts. In late 2011, informed discussions began with the Department of Water Resources (DWR) and objectives for formal negotiations were established limiting them to the financial articles of the contract and excluding water supply or water reliability issues. Formal negotiations began in May of 2013 and concluded in March of 2014. The Agreement in Principle (AIP) captured the consensus principle that will be used as the foundation for a future contract extension amendment. DWR asked that the contractors make a decision regarding the adoption of these Principles by the end of September. The Principles are limited to the current facilities and contract terms and do not cover the Delta Habitat Conservation and Conveyance Program (DHCCP) project. The AIPs that were negotiated will be used to scope the project descriptions in the EIR process. DWR anticipates completing the CEQA process by mid-2016 and then the review and adoption of the contract extension will take place.

The majority of the water supply contracts are in effect until 2035. The objectives of the negotiations were to continue service beyond 2035, secure financial capability beyond 2035, ease financial compression caused by a capital amortization billing method, and improve the financial management of the water supply system. The State Water Contractors (SWC) was able to get DWR to agree in principle to extend the contract from 2035 to 2080, adopt a freeze-go billing methodology to address billing simplification and payment compression, create a forum for contractors to participate in financial policy development and recommendations to the DWR Director via a State Water Resources Development System (SWRDS) Committee which is the first of its kind and is a joint committee between the SWCs and DWR.

A September 16, 2014, letter from Dublin San Ramon Services District was distributed to the Directors and the public.

Director Stevens moved for approval and Director Figuers seconded the motion, which was approved by a roll call vote of 7-0.

Resolution No. 15-11	Authorized the Agreement in Principle to extend the State Water Project Water Supply Contract. (Item 7)

Director Figuers had to leave the meeting early and asked that Item 10 be heard out of order before Items 8 and 9.

Item 10 - Clarifying the Role of Committees

Ms. Duerig said staff is asking for clear direction from the Board on clarifying the role of committees. Specifically there have been questions from the Finance Committee members on what is the role of the Finance Committee and who determines scheduling, agenda setting and the frequency of committee meetings.

Director Figuers said the role of the Finance Committee has been well defined and is to interact with staff on financial details concerning the Board and Zone 7. The second issue regarding who determines scheduling, agenda-setting and frequency of Committee Meetings has become a contentious item. He said the Chair has always controlled the agenda but through reading the rules and regulations the Board follows, found there is no statement in those rules that say that the Chair controls the agenda. This has been the practice but the Chair cannot prevent any member from requesting that an item be put on the agenda. The Chair may delay the request for specific reasons but cannot prevent an item from eventually being put on the agenda to be discussed by the Board if that is a director's wish. In those documents and in Roberts Rules of Order, there is no mention of committees. Director Figuers said he made a request to the Board Secretary that an item be put on the Finance Committee agenda and it was pulled by the General Manager. The second time it was a non-action discussion item on the internal workings of the Finance Committee. In his opinion, the General Manager had no authority to pull an item that a director/Chair had wanted on the agenda. When he questioned the General Manager's decision, he was told that it was based upon the documents that Zone 7 has relied on to conduct committee meetings but, in looking at those documents, they were mute on the subject. Director Figuers said he has been the Finance Committee Chair three times and has yet to have a committee meeting agenda shown to him in advance for his approval.

Ms. Duerig said the Finance Committee is unique because other committees do not have a chair. She said she consults with the President of the Board when setting agendas and asks whether an item makes more sense to come to the full board or go to a committee first. This topic was raised by Director Figuers and added to the agenda for the Board Retreat. When Director Figuers raised it again, she was directed to put it on tonight's agenda to get Board direction.

Director Palmer said the extra communication step of getting agenda approval by the Chair of the committee sets it up for dialogue. Director Figuers said if a board member wants something on the agenda, they should submit it in writing to the General Manager, in advance, asking that the subject be put on the agenda. Director Ramirez Holmes felt there was a dialogue in this instance but the concern is who has the right to put things on an agenda.

The directors discussed the committees having a chair and all agreed that the Finance Committee could have a chair. President Greci said if there is a concern that directly references the committee, it is a valid issue that all three committee members should discuss. If they want it on a committee agenda, and there is a Chair, let the Chair put it on the agenda.

In response to a question from Matt Morrison about a Brown Act violation, General Counsel David Aladjem said that if there is a standing committee of three people, they cannot talk prior to the meeting. But if a director has an item they would like on the agenda, they can talk to the Chair, if there is one, and the Chair would work with the General Manager to put it on the agenda. The Board agreed by a voice vote of 7-0 that this is the direction provided to staff.

Director Figuers left the meeting at 8:35 p.m.

Item 8 – Tri-Valley Intergovernmental Reciprocal Services Master Agreement

Ms. Duerig said that General Counsel David Aladjem and the Cities of Livermore, Pleasanton, Dublin, San Ramon and DSRSD have been working on ways to collaborate and coordinate more closely. Mr. Aladjem and the other attorneys have been working together to develop a master agreement they all felt was reasonable and are bringing it to the Board now as a possibility. It forms the framework for resource sharing so if, i.e., City of Livermore wanted to use Zone 7 staff, facilities or equipment, we would enter into a separate task agreement but this streamlines that process. This would be a huge step forward in intergovernmental coordination and Zone 7 staff is recommending approval along with other agencies asking their boards for approval.

Ms. Duerig responded to Director Stevens' question about the task orders. Although they could be complicated, it depends upon the agency and task involved. Director Stevens asked if the Unions will abide by this master agreement. General Counsel Aladjem said the agencies all have unique work requirements and that is why this is a framework agreement but the Unions are involved. Director Stevens inquired about liability and insurance if a worker is injured and was told they would be covered.

Director Palmer said this addresses LAFCO's issues and that all participants stand to save money because of the ability to rapidly respond to each other's problems and be flexible. Director Ramirez Holmes added that it would be a formal agreement to extend some of the items that are already cost shared, such as the chemical consortium, and to do things more efficiently.

Director Quigley wants to know if there is a way to tell the public when agencies work together. Ms. Duerig said she would anticipate that this will be noted in the GM Monthly Report.

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

Resolution No. 15-12	Authorized the Tri-Valley Intergovernmental Reciprocal Services Master Agreement. (Item 8)

Item 9 - Proposed Position on Water Bond

Ms. Duerig said that she had promised the Board that she would update them on DSRSD's vote on the water bond and they did vote to support it last night.

Director Stevens asked if Zone 7 has not supported a water bond in the past, why are we doing this now? Ms. Duerig said the water bond has been discussed since a 2009 water package of legislation was proposed and it has been modified a lot. The current administration decided that it was "bloated." When they came up with the California Water Action Plan and were scrutinizing the financial aspects, they made sure the Action Plan would have funding in this bond but cut most everything else. Since the Zone 7 board took a position to support the California Water Action Plan, staff wanted to bring the Board the opportunity to support the water bond, which funds the Water Action Plan. In addition, this community often looks to the Zone 7 Board for leadership in water actions as people try to decide what to vote in November and they will look at the Zone 7 Board's position.

Director Stevens moved for approval and Director Quigley seconded the motion, which was approved by a roll call vote of 5-0-1-1 with Director McGrail abstaining and Director Figuers absent.

Resolution No. 15-13 Supporting Proposition 1, the Water Quality, Supply and Infrastructure Improvement Act of 2014. Item 9)

Item 11 - Committees - Retailers/Wholesaler Liaison Committee Meeting - August 17, 2014 - notes pending
Finance Committee Meeting - August 28, 2014 - notes
Finance Committee Meeting - September 8, 2014 - notes

Item 12 - Reports - Directors

a. Verbal comments by President - none.
b. Written report by Director Quigley
c. Verbal Reports
d. Director Stevens reported on the Subsidence Conference at UC Davis that he attended and a lot of things are being done with subsidence in the valley that he will be talking to staff and the General Manager about. Now groundwater subsidence is being measured with radar and it could be costly but the costs will go down. It is a very easy system and they can catch people pumping which is already happening in the valley. If we have another year of drought, we definitely need to think about it.

   Ms. Duerig thanked Director Stevens for sharing slides from the conference with staff and said it was very helpful.

   Director Quigley noted that the address was wrong on the flyer for the ACWA Region 5 event and it did not note the panels or panelists Jill Duerig and Bert Michalczyk. The keynote speaker is Phillip Duffy who will talk about global warming.

   Director Palmer noted the 3-D sandbox model in Tahoe and at the Berkeley Livermore Science facility. In real time you can model watersheds and other things with sand and it is very dynamic.

Item 13 - Items for Future Agendas - Directors

Randy Werner, City of Livermore, asked if staff will be talking about the local effects of Governor Brown's groundwater legislation. Ms. Duerig told the Board the package of three bills was landmark legislation, which will change groundwater law across the state. The good news for Zone 7 in this valley is that our Groundwater Management Program was recognized in the legislation by name as an existing sustainability agency along with 15 to 20 other agencies. This was an acknowledgement on the state level of doing it right and this is the type of program other agencies should be looking at. Ms. Duerig said staff is hoping to accelerate some pending projects such as the well ordinance, which will bolster our position and ability to sustainably manage the groundwater basin. Another piece is a Nutrient Management Plan that is part of the state's recycled water policy but Zone 7 was not required to have one in this valley because we have a Salt Water Management Plan and were grandfathered in.

Director Stevens asked when was the last time Zone 7 took survey measurements on our subsidence monitoring points? Ms. Duerig replied that it is done at least annually as part of the

Groundwater Management Plan and is part of the Groundwater Management Plan Update. Director Stevens asked for a staff report of the results and Ms. Duerig said she will get back to him with a copy because it is part of the report and on the Zone 7 website.

Item 14 - Staff Reports (Information items.)

a. General Manager's Report
b. Monthly Budget Update
c. August Legislative Update
d. August Outreach Activities
e. Drought Update
f. Update Related to the Bay Delta Conservation Plan
g. Verbal Reports

The board went into closed session at 9 p.m.

Item 14 - Closed Session

(a) Government Code Section 549547; Public Employee Performance Evaluation
Title: General Manager

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

(c) Conference with Legal Counsel - Potential litigation pursuant to Gov't Code section 54956.9(d) (3): 1 case

(d) 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

(e) 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 9:09 p.m.

Two resolutions were unanimously approved in closed session:

Resolution 15-14 Amendment to Appendix A, Footnotes to Salary Schedule 9.4 Technology Reimbursement for unrepresented employees.

Resolution 15-15 Amendment to Appendix A, Footnotes to Salary Schedule 9.2 Technology Reimbursement for the Alameda County Management Employees Association (ACMEA).

Item 16 - Adjournment

The meeting was adjourned at 9:10 p.m.