

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

REGULAR MEETING
October 15, 2008

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

DIRECTORS: SANDY FIGUERS
JOHN GRECI
STEPHEN KALTHOFF
DALE MYERS
SARAH PALMER
DICK QUIGLEY
BILL STEVENS

DIRECTORS ABSENT: NONE

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
AMY NAAMANI, GENERAL COUNSEL
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE & BUSINESS SERVICES
JOE SETO, PRINCIPAL ENGINEER, FLOOD CONTROL SECTION
TAMARA BAPTISTA, SR. STAFF ANALYST
PHYLLIS MAY, BUDGET ANALYST
MONA OLMSTED, ASSOCIATE ENGINEER, WATER SUPPLY ENGINEERING
JAVIA GREEN, STAFF ANALYST, WATER SUPPLY ENGINEERING
BARBARA MORSE, BOARD SECRETARY

Item 3—Citizens Forum

Audience member, Mrs. Margaret Tracy, Livermore resident, urged Directors to use their microphones and to speak clearly and distinctly so that all could hear.

Item 4—Minutes of Regular Meeting of September 17, 2008

On a motion by Director Myers with second by Director Quigley, the Board approved the minutes of the regular meeting of September 17, 2008.

Item 5—Consent Calendar

Items pulled from the consent calendar for discussion: Item 5c by Director Myers

Director Greci moved for the approval of the consent calendar, Items 5a, 5b, 5d and 5e. The motion was seconded by Director Myers, and the following resolutions were approved by a vote of 6-0.

Resolution No. 09-3229 Approving contract with DTN Engineers, Inc., in the not-to-exceed amount of \$156,668 for design and construction support services for the Del Valle Water Treatment Plant Electrical Power System Upgrade Project. (Item 5a)

- Resolution No. 09-3230 Approve Implementation Agreement with Bay Area Clean Water Agencies to administer the Bay Area’s Proposition 50 Grant Award. (Item 5b)
- Resolution No. 09-3231 Approve amendment in amount of \$18,610 to consulting services agreement with Carollo Engineers for professional services for the Security Systems Improvements for Existing Facilities Project for a new not-to-exceed total of \$280,277 and extending the term of the contract to January 31, 2009. (Item 5d)
- Resolution No. 09-3232 Approving refund of connection fee in the amount of \$374,665.50 to Pinn Brothers Fine Homes on behalf of the property owner, Pfeiffer Ranch Investors, Inc. (Item 5e)

Item 5c—Contract with Management Partners, Inc., for an Economic and Operational Analysis of Zone 7’s Operating Relationship with Alameda County

Director Myers stated that he wanted to pull this item from consent because it appears there is a need to modify the scope of work because it looks as if the outcome is predetermined and that it has already been decided that separation is the best option. He cited the 1994 MOU with Alameda County and AB 1125 (passed in 2002) both of which gave Zone 7 more autonomy from the County. He did not feel that the problem to be addressed by the study had been sufficiently defined. The agency would be better served by analyzing AB 1125 and deciding: 1) what we can do that we’re not already doing; and 2) whether it makes sense from a cost basis; and then look at possible institutional changes.

Director Myers recalled that the last time a study of this type was done, the net benefit was only \$72,000. Additionally, if there are substantive changes, it might require the complete overhaul of the structure of Zone 7 and the current format would cease to exist. He was uncomfortable not looking at existing options first.

Ms. Duerig apologized if the staff report was not clear but the proposed scope does not look at separation. Rather, the consultant will look at the impacts of separating functional areas within the scope of AB 1125. The goal is not to separate completely from Alameda County but to look at what alternatives are available within existing legislation. The consulting firm of Management Partners, Inc., was recommended to us by Supervisor Haggerty’s office because they have done other work for the county and is familiar with the structure of Alameda County government.

There was general agreement that the recommendation should be clarified as to the intent of the study.

Further suggestions by Director Myers:

- Rewrite the scope to be more specific.
- Look at what’s legal under current legislation.
- Define the problem that makes a change necessary—be specific.
- He noted that a Board personnel committee had already been set up.
- AB 1125 may give Zone 7 authority to take over the auditor-controller and purchasing functions; if that is the case, we don’t need to do a study on what Alameda County is doing for us.
- He believed this study is not well defined and is putting the cart before the horse.

Director Myers wanted to see the revised scope before going forward. He believed that more thought needs to go into what we want to accomplish with this study.

##

Director Figuers arrived at 7:15 p.m.

##

In response to comments from Director Quigley regarding Activity 5 which talks about an interim report, Ms. Duerig confirmed that this study is an interim step. In fact, the approach follows the recommendation of Director Myers and does a phased project with this study being Phase 1. We have a legal opinion which states that we can take on all administrative functions now being performed by Alameda County, including the Auditor-Controller function. The consultant will look at the services and prepare a business plan and determine what we need to do to take on the additional functions. Recommendations may include adding staff, various policies or procedures that need to be implemented, etc.

Director Myers asked what criteria would be used to determine if it is more efficient for Zone 7 to handle the administrative functions. How will comparisons be made?

Ms. Duerig responded that factors which will be looked at include: cost, duplication of effort, cost of staff vs. outsourcing, etc. The consultant will talk to Zone 7 staff, Alameda County and industry contacts. It could be that they will find that services are ok. The recommendation will be that some, all or none of the services be taken over by Zone 7. This is not the first time a study of this type has been conducted, and in the past, the cost has not panned out. This time we'll be looking at whether we can improve efficiency by separating additional functions away from the county.

Director Kalthoff suggested that it might be more accurate to say that we are looking at separating "certain" operations.

Ms. Duerig agreed and added that the issues on the engineering side of the Zone's operations were resolved with the implementation of AB 1125 which eliminated the need for duplication associated with project approval. The focus of this study will be on the financial/administrative side of Zone 7's operation. The formation of the Board's Personnel Committee several months ago is the first step towards separating Zone 7's human resources function from that of the county.

The focus of this study will be on the financial/administrative side of Zone 7's operation. The formation of the Board's Personnel Committee several months ago is the first step towards separating Zone 7's human resources function from that of the county.

As examples of duplication of work, Ms. Duerig cited double entry of timesheets, double budgets, two sets of books and two different accounting software programs. It looks like there is a lot of opportunity to improve efficiency. AB 1125 allows the flexibility to take additional steps to separate functional areas throughout the entire agency.

Director Myers requested that the full Board receive a presentation after Activity 4 - Identify Options.

There were no comments from the audience on this item.

Director Quigley moved for the adoption of Resolution No. 09-3233 authorizing the General Manager to finalize negotiations and execute a contract with Management Partners, Inc., for a comprehensive economic and operational analysis, present recommendations and develop business plans, in a not-to-exceed contract amount of \$123,420. The motion was seconded by Director Greci and passed by a vote of 7-0.

Item 6—Staffing Update. None this month

Item 7—Award of Construction Contract to Redwood Painting Company, Inc., for the Del Valle Water Treatment Plant 3 MG and 4.5 MG Clearwell Recoating Project, Project No. 189-08

The Board heard a brief presentation from Ms. Mona Olmsted on the award of contract for the Del Valle Water Treatment Plant 3 MG and 4.5 MG Clearwell Recoating Project, Project No. 179-08.

Project Description

- This project involves the recoating of the interior aluminum roof surface of the 3 MG concrete clearwell and the exterior surface of the 4.5 MG steel clearwell located at the Del Valle Water Treatment Plant in order to improve corrosion protection and prolong the useful life of the treated water storage reservoirs.
- The Engineer's Estimate for this construction contract is \$620,000.
- In accordance with established procedures, Zone 7 advertised and solicited bids for the Project, and on October 2, 2008, bids were received from two bidders.
- The low bid was reviewed by General Counsel and staff and the lowest responsive and responsible bidder was determined to be Redwood Painting Co., Inc., Pittsburg, California, with a bid of \$559,960.00.
- Schedule: Recoating of the concrete clearwell roof is scheduled to begin in February 2009, and the construction period will coincide with the low demand period and annual planned plant maintenance shutdown. Recoating of the steel exterior will begin in late March 2009 and the entire project should be complete by May 2009.
- Funding will be provided from Fund 72 – Renewal & Replacement/System-Wide Improvements.

Recommendation:

Consider bids for the construction of the DVWTP 3 MG and 4.5 MG Clearwell Recoating Project and adopt the attached resolution to:

- Approve plans, specifications, appendices and addenda;
- Accept and award a contract to Redwood Painting Co., Inc. as the lowest responsive and responsible bidder for the bid amount of \$559,960.00;
- Authorize the General Manager to prepare the contract and bond forms for review and approval by the General Counsel;
- Authorize the General Manager to execute the contract with Redwood Painting Co., Inc.; and
- Authorize the General Manager to issue change orders as and when required by the contract for an amount not-to-exceed \$55,996 (10% of contract amount).

There were no questions from either the Board or the audience on this item.

Director Myers moved for the adoption of Resolution No. 09-3234 awarding the contract for construction of Del Valle Water Treatment Plant 3 MG and 4.5 MG Clearwell Recoating Project, Project No. 179-08, to Pacific Infrastructure for the bid amount of \$559,960. The motion was seconded by Director Quigley and passed by a vote of 7-0.

Item 8—Flood Protection and Storm Water Drainage Development Impact Fee Ordinance Adoption

President Palmer advised that a joint letter from the three cities had been received just prior to tonight's board meeting asking for a postponement of this item. A special meeting was tentatively scheduled for October 29 but several Directors advised that they are unavailable that evening. Therefore, this item was continued until the regular meeting of November 19, 2008.

Board Members requested that in the future correspondence should ideally reach them at least 24 hours prior to a meeting so that there is ample time to read the material.

Since this item was continued to November 19, there is no need for a Special meeting on October 29, 2008.

Item 9—Treated Water/Recharge Rate Schedules for 2009

The Board heard a presentation by Ms. Baptista on the Proposed Treated Water Rate for 2009.

Highlights of the presentation:

Recent Issues

- Increased water costs from the State.
- Bay Delta issues/increased operating costs.
- Slow housing market translates to less revenue from connection fees and lower water sales.
- Volatile oil prices: higher chemical costs to Zone 7.
- New program: Mocho demineralization—O&M will be funded from the enterprise fund.

Bay Delta Related Costs

- Costs are based on 100% SWC shares = \$2M to Zone 7 Water Agency.
- If there is 50% federal participation, costs would be \$1M less to Zone 7.
- Cost avoidance with federal participation results in less use of reserves.

Water Rate Components

- 5-Year Retailer Water Delivery Request
- Operating Expenses
- Water Rate Contribution to Capital Fund
- Rate Stabilization Fund (current balance of \$5 M)

Preliminary Analysis

Following are three versions of the water rate model using different assumptions.

Assumption 1—Pay as you go within 2009

Water sales:	Assuming 6% conservation
Use of Rate Stabilization:	\$0.0
Fund 72 Transfer	\$4.6 M
Water Rate Increase	29.2%
Delta charge increase	0.4%
Total rate increase	29.6%

Assumption 2—Use reserves (Rate Stabilization) to lower 2009's water rate increase

Water sales:	Assuming 6% conservation
Use of Rate Stabilization:	\$3.0 M
Fund 72 transfer:	\$4.7 M
Water Rate Increase:	14.1%
Delta charge increase	7%
Total rate increase	21.1%

Assumption 3—Use reserves (Rate Stabilization) and reduce Fund 72 transfer to further lower 2009's water rate increase, reducing 2007 transfer to \$2.5 M.

Water sales:	Assuming 6% conservation
Use of Rate Stabilization:	\$3.4 M
Fund 72 Transfer	\$4.5 M
Water Rate increase	9.0%
Delta charge increase:	7.0%
Total rate increase:	16%

Retailer Comparisons

Chart comparing average monthly water charges for Zone 7 retailers as well as, ACWD, EBMUD, SF Water District, Marin Municipal WD, Contra Costa WD and San Jose Municipal Water System. In that listing, Zone 7 ranked second from the bottom with the average charge of \$45.51 per month from the Valley's four retailing agencies.

Recommendations for the CY 2009 treated water rate:

- Approve following treated water rates for CY 2009:
 - \$804 per acre-foot based on Assumption 3, i.e., 9% water rate increase plus a 7% increase to Delta charge. (Estimated increased cost to customer is \$4.79/month if entire increase passed on by the retailers.)
 - Recharge fee: \$642/AF.
 - Temporary treated rate: \$3.30/cubic foot.
 - Fire and standby rate: \$3.30/cubic foot.
- Authorize General Manager to use the Rate Stabilization Reserve as needed for 2009.

Board comments:

Director Quigley asked how long we can expect the Delta surcharge to be needed. He wanted to see staff routinely revisit it annually to see what we're getting for the money.

Ms. Duerig responded that presumably the Delta surcharge will go away when the Delta has been fixed, and that could be in two years or 15 years. Until that time, it will be an annual assessment. Even after a fix has been decided upon and approved, we anticipate that the planning costs will become construction costs.

Director Myers clarified the funding components of the Delta surcharge:

- Overall BDCP planning effort (payments made through the State Water Contractors).
- Preliminary work on EIR for a potential conveyance facility in the Delta.
- Various "plumbing fixes" which could add 6-13% on top of the water rate.

Director Myers predicted that these costs will not go away after the planning is complete. What we get in return is a reliable water supply.

In response to a question from Director Stevens, Ms. Duerig stated that it would be possible to adjust rates mid-year if it turns out that next year is dry.

Director Stevens also suggested coming up with definitions of what to expect with a two- or three-year drought so that Zone 7 and the retailers are on the same page. Ms. Duerig responded that could be done over the coming year.

Director Myers made the following suggestions/comments:

- Zone 7 should engage in long term water rate planning over a multi-year period rather than the one-year rate setting process. He noted that no matter which of the three alternatives is chosen, the three-year rate increase will be between 42% and 47%. The principal difference in whether it is 42% or 47% is how we use and allocate our reserves and the level of capital contributions that are made.
- Current conditions which affect Zone 7:
 - Drought.
 - Economic downturn that is occurring worldwide.
 - Legal and ecological crisis in the Delta:
 - Short term could lead to extreme water supply reductions.
 - Long term could reduce our water supply by 20%.
- Issues:
 - Preservation of high cash balances in funds to protect against economic uncertainties and maximize flexibility.
 - Need to reduce both short term and long term demand:
 - More aggressive water conservation program.
 - Development of uses for recycled water.
 - Develop cost containment program.

Stating that he was uncomfortable raising rates at this particular time of economic uncertainty, Mr. Myers presented a proposal which would hold the rate steady for CY 2009.

Director Myers' recommendations:

- Hold treated water rate steady at its current level for CY 2009.
- Defer capital contribution to Renewal & Replacement program for 07/08 (\$2.5M) and 08/09 (\$4.4M) to cover lost revenue.
- Maintain reserves at current level to protect against water supply uncertainties. (Projects could also be deferred.)
- Update of Asset Management Plan to come up with a more realistic annual transfer amount.
- Development of recycled water programs in partnership with the retailers.
- Fund an aggressive water conservation program to provide homeowners financial incentives to install turf replacement, rain sensors, etc. This would be a tool so customers could better manage future rate increases through conservation.
- Perform a program and fiscal performance audit and develop a cost containment program.
- Review and update water sustainability planning methodology
- Develop contingency plans for a two to three year outage of the State Water Project.

Director Quigley stated he was uncomfortable holding water rates steady when our costs are going up. However, he was in favor of promoting increased conservation.

Director Stevens asked if the Finance Committee has heard the staff presentation and, if so, what was their recommendation.

Ms. Baptista responded, yes; the Finance Committee heard this presentation on August 28, and their recommendation was to proceed with Alternative 3 which is the 16% increase.

Director Stevens asked Director Myers what has changed. Why the change in his recommendation?

Director Myers responded that he believed the Board should take into account the downturn in the economy and the falling stock market and consider how the ratepayers might be affected.

Director Greci stated he had mixed feelings. The rate stabilization fund was established for us to use if necessary to help mitigate the impacts of rate increases on the consumer.

Ms. Duerig stated that she was uncomfortable further reducing the transfers to Fund 72 – Renewal & Replacement. Alternative No. 3 reduces the transfer by half, and staff is already looking at each asset and determining whether projects and/or maintenance can be deferred.

However, if the Board so desires, Ms. Duerig saw no problem with taking another month to look at Director Myers' proposal.

Director Stevens did not think the additional month would make any difference. Further, he did not think the additional estimated \$4.79 on a homeowner's monthly water bill would make a significant difference. He believed the Development Impact Fee proposal impacted the economy more than this proposed increase. He did not believe it made sense to hold the water rate now, and then have a huge increase in six months.

Director Stevens backed the staff recommendation to proceed with Alternative 3.

Director Kalthoff stated he had no problem with waiting another month.

Director Figuers noted that he understood the reticence to raise rates in a tough economy. All of the easy water conservation measures have been taken. Lawn and turf irrigation are the next big uses that need to be tackled, and they will not be solved in the short term. He believed that the Board needs to move ahead as recommended.

Director Stevens moved for the adoption of the treated water rate schedules for CY 2009 based on the staff's recommendation of Alternative No. 3. The motion was seconded by Director Figuers.

President Palmer called for comments from the audience.

Mr. Bert Michalczyk, General Manager, DSRSD, stated that Director Myers' proposal is intriguing but since he had not studied it, he could not comment. He added that DSRSD's account delinquency rate within the past 60 days had jumped to 12% up from 1%-2%. He believed that the poor economy is beginning to have an impact on the Valley.

Director Figuers requested more information from the retailers on the delinquency rates or other indicators that the economy is impacting the Valley.

Mr. Randy Werner said that he would be happy to provide the requested information. Overall, the area served by the City of Livermore had achieved 3.66% water conservation—much less than the 10% voluntary conservation which Zone 7 had requested. He estimated that there are between 100 and 200 foreclosed properties in the City's service area.

Mr. John Freeman, California Water Service Company, supported postponing the decision on water rates until the November meeting. He also offered to provide information on delinquency rates and conservation within the service area of Cal Water in Livermore.

In response to questions related to the impact on Zone 7 if the water rate decision were delayed until November, Ms. Naamani stated that, as a contract wholesaler, Zone 7 is not bound by the requirement to set the rate at least 60 days before it is to take effect—so it could still take effect on January 1, 2009. However, it has been past practice to set the water rates at the October board meeting.

It was called to the Board President's attention that there was a motion on the table.

President Palmer stated that the motion was not valid because she had not called for the question.

Directors Stevens and Figuers believed that waiting one month would not make any difference. They wanted to adopt the staff recommendation for the treated water rate.

With Directors Stevens and Figuers dissenting, the decision was made to continue the water rate discussion and adoption to the November 15 board meeting.

Since the treated rate would be continued, it was also decided that the untreated water rate for 2009 should be continued to November. Additionally, the adoption of the ten-year CIP would also have to be continued because the CIP funding is dependent upon the water rate.

Ms. Duerig asked the Board for direction.

After brief discussion it was decided that the Finance Committee would meet again to discuss the treated and untreated water rates. Included in that would be the alternative presented by Director Myers at tonight's meeting.

Director Figuers was unclear about what the Finance Committee would be discussing. He was a member of that committee and had already received a detailed presentation from staff on the potential alternatives. What specifically is the committee going to discuss?

President Palmer responded that the proposal presented by Director Myers would be discussed by the committee.

Director Stevens stated he did not agree with the direction the Board appears to be headed. He thought the Board was getting involved in too much detail and was not functioning in the role of board members. Why are we changing our methods of dealing with this? We have a detailed proposal before us that contains direction to staff which we should not be doing at all. If we want to discuss it, let's do it at the next meeting. Why are we all of a sudden changing our means and methods? This has not been an issue until now. This cannot be blamed on the economy. He disagreed with what the Board is doing here. We are going above and beyond our role as directors.

Director Figuers wanted it to go on record that he too disagreed with the direction of the Board on this matter.

There was still confusion about what additional information the Finance Committee would consider.

Director Myers stated he appreciated Director Stevens' comments and conceded that things are different now than they used to be. We have different staff and different directors. We have different circumstances that affect this agency and its customers. He felt it was the Board's responsibility to take those changes into consideration and look at how we do things and see if our methods are still appropriate. The reason he made the proposal was for that reason—to try to respond to the conditions that our customers are facing without compromising the long term integrity of this agency. He believed that the proposal he presented responds to the economic crisis and to the uncertainties in today's world.

Director Stevens asked why this proposal was only being given to the Board now. We've been discussing water rates for the past two months. This could be discussed later for future rate increases. Directors are bringing this nitpicky stuff and giving direction to staff like a general manager, not as a board member.

President Palmer reminded the Board that all requests or proposals should go through Ms. Duerig, the General Manager.

After a brief discussion it was decided that the Finance Committee would meet within the next two weeks to discuss Director Myers' proposal.

This item was continued to the November 19, 2008 board meeting.

Item 10—Untreated Water Rate for 2009

This item was continued to the November 19, 2008 meeting.

Item 11—Adoption of FY 2009/10 Capital Improvement Program Document: 10-year Water System Plan

This item was continued to the November 19, 2008 meeting.

Item 12—Proposed 2009 Development Impact Fee – Municipal & Industrial (M&I) Water Connection Fee

The Board heard a brief report from Ms. Green on the proposed 2009 Development Impact Fee-Municipal & Industrial Water Connection Fee.

- Zone 7 established the M&I Connection Fee Program in 1972 to assess water connection fees to new development in order to fund water system expansion projects required to serve additional water demands from new development.
- The Board resolved with the adoption of the 2002 Connection Fee (Resolution No. 02-2450), that the basic fee be updated annually, at a minimum, based on the Engineering News Record Construction Cost Index (ENRCCI), or as warranted to keep current with inflation, and that the Connection Fee Program be re-evaluated every three years or sooner as needed.
- Recommendation: adjust the current Water Connection Fee by the change in the ENRCCI from September 2007 to September 2008. Based on the August 2007 to August 2008 increase of 4.4%, it is anticipated that the change from September 2007 to September 2008 will be similar.

Director Greci asked for a breakdown of the cost of the connection fee as the meter size goes up. For example, the basic meter is 5/8". What is the fee for a 1" meter, etc.?

Ms. Duerig noted that information would be provided.

Director Stevens stated that he opposed this action. If we want to delay the vote on the treated water rate to consider the economy, this item should also be delayed.

Director Kalthoff moved for the adoption of Resolution No. 09-3235 approving the M&I Water Connection Fees for the Zone 7 and Dougherty Valley service areas. The motion was seconded by Director Figuers and passed by a vote of 6-1. Director Stevens voted no.

Item 13—Committees

- a) Administrative Committee meeting of September 15, 2008--minutes
- b) Ad Hoc Delta Committee meeting of September 16, 2008

The Ad Hoc Delta Committee met on September 16 at the offices of the Central Delta Water Agency in Stockton. In addition to committee members, Directors Greci, Myers and Stevens, also in attendance were Zone 7 staff members, Ms. Duerig and Ms. Karla Nemeth. Summary minutes will be mailed out with the November agenda packet.

Item 14—Items for Future Agendas—Directors

Director Quigley requested a tour of the following: Mocho demineralization project under construction in Pleasanton, and the chain-of-lakes area (Cemex side).

##

President Palmer announced that she believed it was time to change the “ad hoc” status of the Board’s Delta Committee. This committee has been in existence for nearly two years and is dealing with long term issues related to the problems in the Delta and long term planning which is taking place to try to solve those problems, e.g., BDCP. Ad hoc committees are supposed to be for specific, short-term issues; therefore, the Ad Hoc Delta Committee will become a standing committee and be renamed “Delta Committee.”

Director Myers remarked that in its current status as an ad hoc committee, this committee is not subject to the Brown Act and removing the “ad hoc” designation would mean there is more control over the committee. For the record, he requested that President Palmer be clear about why this change is happening. He also added that in setting up this particular meeting (held at the Central Delta Water Agency) he was not able to finalize arrangements until two days prior to the meeting.

There was a brief discussion on whether “ad hoc” status is appropriate for the Delta Committee.

Ms. Naamani clarified some misconceptions and stated that there is a specific definition of an ad hoc committee and the purposes for which it may be used. Ad hoc committees are formed for short periods of time and deal with specific issues. They are not subject to the Brown Act with regard to noticing and location as are standing committees. Noting that the Delta issues are not going away any time soon, she, therefore, believed that removing the ad hoc status is appropriate. The Board needs to focus on the proper character and function of this committee, and such decisions should not be influenced by Brown Act related issues.

There were no further comments related to removing the “ad hoc” status of the Delta Committee.

Item 15—Reports—Directors

- a. Written report by Director Quigley
- b. Verbal reports

In addition to his written report, Director Quigley noted that while at the CSDA conference in Irvine he had visited Water Factory 21 a 70-mgd water reclamation facility in Orange County that produces high quality water from reclaimed wastewater. He stated that he drank the water and was very impressed with the taste and quality.

On another matter, Director Quigley stated that he had been elected the ACWA Region 5 representative at a recent meeting in Half Moon Bay.

##

Director Myers reported on his attendance at the Southern California Water Dialogue by Metropolitan Water Agency (Met) in Los Angeles. Topics covered were water conservation, water quality and basin management. Additionally, they are embarking on an SMMP-like program to deal with flood control issues. Met faces many of the same challenges as Zone 7 with regard to declining water supply from the Delta, and they are looking towards conservation, recycling and local imports to make up the difference. It is a misconception that Met is looking for more Delta water. Zone 7 and Met are in very much the same place with regard to declining water supplies from the Delta.

Director Myers noted that he would not be attending the meeting next month and instead attending the CalFed Science Fair at his own expense.

Item 16—Staff Reports (Information items. No action taken.)

- a. General Manager’s Report
- b. Recent & Upcoming Public Outreach Activities
- c. Five-year Delivery Requests, 2009-2013
- d. Verbal reports

There were no questions or comments regarding Staff Report Items 16a through 16c.

#

The Board took a five-minute break and then went into Closed Session at 9:05 p.m.

#

Item 17—Closed Session

- a) Conference with Legal Counsel - Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 3 cases
 - 1) Watershed Enforcers v. California Department of Water Resources et al., Alameda County Superior Court Case No: RG06292124
 - 2) County of Butte v. Department of Water Resources et al., Butte County Superior Court Case No. 144283
 - 3) Alameda County Flood Control & Water Conservation District v. Braddock & Logan, et al., Alameda County Superior Court Case No. VG06293101
- b) Conference with Legal Counsel –Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 3 cases

Item 18—Open Session and Report Out of Closed Session

There was nothing to report out of Closed Session.

Upcoming Board Schedule

There is no need for a special meeting on October 29.

- a. Finance Committee Meeting: Date to be determined within next two weeks
(Directors Figuers, Kalthoff, Myers)
- b. Finance Committee Meeting: November 5, 2008, 3:00 p.m. (Directors Figuers, Kalthoff, Myers)
- c. Regular Board Meeting: November 19, 2008, 7:00 p.m.

There was no further business and the meeting was adjourned at approximately 9:40 p.m.