



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

REGULAR MEETING

October 17, 2018

The following were present:

DIRECTORS: SANDS FIGUERS  
DENNIS GAMBS  
SARAH PALMER  
RICHARD QUIGLEY  
ANGELA RAMIREZ HOLMES  
OLIVIA SANWONG  
BILL STEVENS

ZONE 7 STAFF: VALERIE PRYOR, GENERAL MANAGER  
OSBORN SOLITEI, TREASURER/ASSISTANT GENERAL MANAGER,  
FINANCE  
JARNAIL CHAHAL, ENGINEERING MANAGER  
RHETT ALZONA, PRINCIPAL ENGINEER  
JOHN KOLTZ, SENIOR ENGINEER  
JAVIA GREEN, STAFF ANALYST  
AMANDA ROGERS, ACTING EXECUTIVE ASSISTANT

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

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**Item 1 - Call Meeting to Order**

President Ramirez Holmes called the meeting to order at 6:00 p.m. and the Board went into Closed Session immediately.

**Item 2 – Closed Session**

- (a) Conference with Labor Negotiators pursuant to Government Code section 54954.5:  
Agency Negotiator: Valerie Pryor  
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
- (b) Conference with Legal Counsel - Existing litigation pursuant to Government Code §54956.9(d)(1): 1 case
  - (1) Edwin Belshe and Ginger Belshe v. Alameda County Flood Control and Water Conservation District, Zone 7, et al., Alameda County Superior Court Case No. RG17868354

(c) Conference with Legal Counsel - Potential litigation pursuant to Gov't Code section 54956.9(d) (4): 1 case

### **Item 3 – Open Session and Pledge of Allegiance**

President Ramirez Holmes called the meeting back into session at 7:00 p.m. and led the Salute to the Flag.

### **Item 4 – Report Out of Closed Session**

President Ramirez Holmes reported that the Board met in Closed Session on the items on the agenda and no reportable actions were taken.

### **Item 5 – Citizen’s Forum**

There were no public comments.

### **Item 6 – Minutes of the Regular Board Meeting of September 19, 2018 and Special Meeting of September 5, 2018**

Director Quigley moved that the minutes of September 19, 2018 be accepted and approved, and Director Palmer seconded the motion. The minutes were approved by a voice vote of 6-0, with one abstention by Director Stevens because he was not in attendance.

Director Quigley moved that the minutes of September 5, 2018 be accepted and approved, and Director Gambs seconded the motion. The minutes were approved by a voice vote of 7-0.

### **Item 7- Consent Calendar**

- a. Contract Award for On-Call Well and Pump Repair Services
- b. Contract Award for Filter Media Addition at Patterson Pass Water Treatment Plant
- c. Declare Flood Preparedness Week

Director Quigley moved to approve Items 7a, b, and c. Director Palmer seconded the motion. The items passed with a roll call vote of 7-0.

**Resolution No. 18-71**            Award of Contract for the On-Call Well and Pump Repair Services Project, No. 272-18 (Item 7a)

**Resolution No. 18-72**            Award of Contract for the 2018 PPWTP Filter Media Replenishment Project, Project No. 271-18 (Item 7b)

**Resolution No. 18-73**            Proclaiming Participation in the California Flood Preparedness Week (Item 7c)

### **Item 8a – Employee of the Month**

Ms. Pryor, General Manager, announced that Lira Walter has been selected as the Employee of the Month for August 2018. Ms. Walter joined Zone 7 as a temporary employee through the Alameda County Temporary Assignment Pool (TAP) in November 2015. In July 2017, she was promoted to

Administrative Assistant. Ms. Walter is efficient, prompt, professional and courteous and is willing to take on all duties that are challenging. She is very pleasant and is dedicated to finishing all of her assignments. If she is not knowledgeable about an assignment she goes out of her way to educate herself. She sometimes assists water conservation customers with rebates and information. She is an overall team player and we're very happy that she is our employee of the month. The Board congratulated and applauded Ms. Walters in absentia.

### **Item 8b – New Employee Introduction**

Ms. Pryor introduced new employee, Reno Dell'Acqua. Mr. Dell'Acqua accepted a permanent position on October 8, 2018, as a Plant Mechanic in the Maintenance section at the Del Valle Water Treatment Plant. He has over 13 years of maintenance and construction experience, most recently with Alameda County Water District. He's also worked in construction and on a job site at Lawrence Livermore National Lab. He holds a Grade 2 Distribution Operator Certificate. The Board welcomed Mr. Dell'Acqua with applause.

### **Item 9 – Proposed Treated Water Rates for Calendar Years 2019-2022**

Mr. Solitei, Treasurer/Assistant General Manager, Finance, gave a presentation on the wholesale water rates study. The presentation covered the following topics:

- Water rate process and background
- Proposed rates based on a cost of service study
- Two proposed scenarios
- Breakdown of reserves for projected scenarios
- Customer rate impacts for each scenario
- Breakdown of expenses by the dollar
- Other treated water rates:
  - Recharge fee
  - In-lieu water rate
  - Temporary treated water

Mr. Solitei presented two additional rates scenarios for the Board's consideration:

- Scenario 1 – 3% CPI + \$3 Million for Water Supply Reliability Projects + Fully Funding Three Reserves to Target Levels (Operating, Emergency, Drought Contingency Reserves and no funding for Rates Stabilization Reserve) + 3.7% Rate Adjustments
- Scenario 2 – 3% CPI + \$3 Million for Water Supply Reliability Projects + Fully Funding Two Reserves at Target Levels (Operating and Emergency Reserves) and Drought Contingency at the minimum level and no funding for Rate Stabilization Reserve + 3% Rate Adjustments

Mr. Solitei recommended the Board approve the attached resolution, which is for Scenario 1.

President Ramirez Holmes thanked Mr. Solitei for his presentation and noted that despite staff proposing two scenarios and making a recommendation, all proposals are on the table. The Board could choose to go with staff recommendations or any variation proposed over the last three meetings. President Ramirez Holmes then opened the discussion to the Board.

Director Palmer asked for a clarification on the difference between the ending balance and target in Fund 100.

Mr. Solitei explained that the target reserve is when the reserve categories meet the Reserve Policy's target of 90 days of operating expenses, 2.5% of water enterprise assets for emergencies (that's a FEMA recommendation), 10% of water sales for drought contingency, and rate stabilization reserve at 15% of budget water sales. If the three reserves are funded at target level the total will be \$18 million at the end of FY 2018-19. However, the cost of service rate study show that the Agency will be able to achieve \$14 million at the end of FY 2018-19, which means we will not be able to achieve the \$18 million goal.

Director Palmer and then President Ramirez Holmes asked clarifying questions about the reserve funding levels. Mr. Solitei addressed the questions and stated that the full funding of the reserves didn't happen until the fourth year.

Director Figuers noted that, when it is all boiled down, the only reserve that we are talking about is the Drought Contingency Reserve. Scenario 1 would only provide 25% of the amount of money the Agency has to make up due to the recent drought, which cost us \$26 million. If we go with Scenario 2, it's about 9%. It's about 30% less in Scenario 2 and 9% less in Scenario 1. Neither scenario will give us the \$26 million needed to bring the Drought Contingency Fund back to pre-drought levels. Even though it looks like we go from \$2 million in Scenario 1 to \$6 million in the reserve in Scenario 2, practically, it makes no difference if we hit another big drought because it will cost a whole lot more than \$26 million. The last drought only cost us \$12 or \$13 million. The next drought could cost us up to \$40 million plus. We could never fund a drought contingency fund of that magnitude and carry it.

Director Quigley added that the difference is between Scenario 1, which staff recommends, and Scenario 2 is only 7/10 of 1% or 0.7%. The difference is pennies: 36 cents in year one, 55 cents in year two, about 60 cents in year three, and 75 cents in year four. Is that about right?

Mr. Solitei confirmed that and added that looking at customer impact for the first calendar year, if customers are using 10 units; \$1.31 is added to their bill for Scenario 2. For Scenario 1, \$1.50 is added.

Director Sanwong had questions for our retailers. She asked if DSRSD (Dublin San Ramon Services District) has a policy for an automatic rate increases based on the Consumer Price Index (CPI). She said based on an informal conversation she had last night at the Pleasanton City Council Meeting with councilmember Karla Brown, the City of Pleasanton has an automatic increase based on CPI each year. It would be helpful to know if other water agencies typically do this type of automatic increase following the consumer price index. Regarding the letter that the Board received from the City of Pleasanton asking us to consider delaying this process, she asked if Zone 7 delays and chooses not to vote tonight, will Pleasanton residents' water bills increase on January 1, 2019 because of the automatic increase from the City of Pleasanton based on the CPI. Noting the difference in the level of interest in a four-year rate schedule between DSRSD and the City of Pleasanton and the length of time (a couple of months) it takes to incorporate any Zone 7 rate increases into the billing cycle at DSRSD, she requested more information to better understand these differences.

Mr. Solitei replied that some retailers wanted more than four years of rate schedules, some wanted up to five to six years. They wanted more years to aid with their budget planning.

Director Sanwong asked if other water agencies have implemented automatic CPI price increases.

Ms. Pryor responded that based on her previous experience, many agencies do not have automatic CPI increases. She mentioned that the last wholesale water rate for SCV Water (Santa Clarita Valley Water) for the first time included an automatic CPI increase, but she can't speak for other water agencies.

Director Sanwong said that she understand there is a drought surcharge in a severe drought and asked how that was implemented

Mr. Solitei replied that the 2015 Urban Water Management Plan included a Board adopted resolution that states that when the Board declares a water shortage there is a water shortage contingency plan that prescribes whether to use the reserves or increase rates depending on specific defined levels.

Director Sanwong noted that there are really five areas that the Board is trying to make a decision on: 1) time, which is the number of years we are going to set the rates for, 2) Consumer Price Index (CPI), 3) reserves funding, 4) the Capital Improvement Plan (CIP), and 5) water supply reliability.

Mr. Solitei said when we started this conversation we wanted a longer time to replenish the reserves. We used \$26 million of reserves during the drought. At one point in FY 2015-16 we were down to \$5.4 million in reserves, down from approximately \$30 million in reserves. We wanted a longer period to avoid increasing rates at a higher level to achieve results quickly so that's why the four-year rate study came into play. The long-term goal was to incrementally increase to the fixed charge to 45% to stabilize the Agency financials; start planning for water supply reliability project funding; and increasing reserves per board policy.

Ms. Pryor added that from that first Board meeting when staff presented four scenarios and the assumptions on which they were based, the feedback from the Board did focus on the water supply reliability funding and the reserves. There were no requests for looking at other assumptions in other areas.

Director Palmer mentioned that she thought that the temporary surcharge wasn't something that we did automatically. She thought it was something that we specifically decided to implement and once the drought was over we dropped the drought surcharge.

President Ramirez Holmes replied that at the time Zone 7 implemented the temporary surcharge there was no policy in place regarding surcharges, so a policy was adopted that would trigger a water shortage surcharge when certain water shortage stages are declared by the Board. The policy provides that if the board declares a drought emergency, there are specific levels of surcharge, depending on what the mandatory conservation levels are from the governor. Zone 7 did sunset the previous temporary surcharge on December 31, 2017.

Ms. Pryor added that a water shortage surcharge would not be automatic. The Board could trigger the pre-established water shortage contingency plan, but the Board would not be required to so if there was no financial need.

Director Palmer stated that we need reserves if we want to have a good credit rating; and the Agency will need a good credit rating if we are doing debt financing. If we don't have good reserves, it would be too expensive to do debt financing.

Director Gambs asked for an explanation on how staff makes its adjustment in labor costs.

Ms. Pryor responded that the rate model generally includes 3% escalation for many of the categories including labor and contractual services. It is 5% for utilities because they typically increase at a rate higher than other areas. Staff worked with a rate consultant who recommended those inflationary rates based on industry practices. For labor, 3% covers both salaries and benefits. Typically, health insurance increases at a rate higher than 3%. The 3% escalation factor does not mean there are going to be 3% salary increases. Salaries are negotiated and set by the Board; and benefits are negotiated and established by the County of Alameda.

Director Gambs noted that initially some of the scenarios had water supply reliability projects from \$6 to \$15 million and that's been reduced to \$3 million. We don't have a detailed CIP yet for those projects. Do you feel comfortable that that estimate is low enough that we would never be overestimating that particular number? And going forward in the future, once we have an update, is the assumption that there would be an increase?

Ms. Pryor responded yes, as the Zone 7 Board considers moving forward with some of the long-term water supply reliability projects, there will be significant cost increases. Zone 7 is unsure when those significant cost increases will occur so the money that's in the scenario now is a reasonable estimate of the studying and planning phases and also could cover any transfers we might need in a dry year.

Director Gambs asked how many years it would take to get those numbers based on where we are now with CIP projects such as Sites Reservoir, Los Vaqueros Reservoir Expansion, and potable reuse.

Ms. Pryor responded by saying that staff doesn't have a timeline for when we will have a good long-term scenario for potable reuse but anticipates long-term scenarios for Sites and Los Vaqueros Reservoir Expansion around the end of this year.

President Ramirez Holmes referred to Item 15d stating that it is the FY 2017-18 Unaudited Fourth Quarter Revenue and Expenditure Report, it gives us the unaudited numbers of where we ended the year. She said that on page 3 it shows that the Agency has a \$3.3 million surplus in Fund 100. Is that correct?

Mr. Solitei replied yes, \$4.5 million is added to the reserves. President Ramirez Holmes asked a number of questions related to the \$3.3 million surplus. Mr. Solitei provide clarifying answers about budgeted debt service being lower than estimated based on actual bond sales and water expenses being lower than budgeted based on a higher allocation from the Department of Water Resources. President Ramirez Holmes asked if the \$1.2 million savings from debt service was a surplus or was it better described as a transfer. Mr. Solitei confirmed that it would be appropriate to consider it a transfer or unspent funds.

President Ramirez Holmes, referring to the same report, said that it shows that in FY 201~~-7~~/18 our beginning reserve balance was \$8.2 million and the unaudited ending reserve balance was \$12.8 million, which is a net gain of \$4.5 million. How did that happen? So \$3.3 million is based on a fund balance surplus and the rest of it was based on budgeted amounts going into reserves. Is that correct?

Mr. Solitei confirmed that is correct.

President Ramirez Holmes stated that she is trying to get the City of Pleasanton's point and figure that part of the reserves out because it appears in this fiscal year they did organically increase without us doing anything to change the policy. Mr. Solitei replied that we are budgeting to have more reserves because \$8.5 million in reserves is very low for an agency of our size in the Water Enterprise Operation Fund.

President Ramirez Holmes clarified that the Agency doesn't have \$8 million in reserves. Fund 100 has \$8 million in reserves. The Agency has multiple other funds that have reserves as well.

President Ramirez Holmes stated that's clearer because the Agency has a lot more reserves including Fund 120 reserves that we transfer out of Fund 100 to fund the CIP; and when CIP projects don't get completed at the level planned, those reserves go higher. In terms of labor, some of the questions we received were about the O&M (Operations and Maintenance) being higher in the proforma for both scenarios in terms of our expenses, and then the O&M expense is where labor charges are included, correct?

Mr. Solitei, in the two scenarios presented, we assumed inflationary rate of 3% to 5% for O&M.

President Ramirez Holmes stated that some folks have specifically called out the unfreezing of the soft hiring freeze. She asked the General Manager about the positions that are in the scenarios, when they assume they will be filled and how solid that plan is.

Ms. Pryor replied that there are twelve (12) positions that are in the soft hiring freeze, so they not funded and are held vacant to generate savings. There are additional vacancies above that due to normal turnover that we are attempting to fill. In looking at this rate scenario in an attempt to generate some additional savings in the first year, we decided to hold another six positions vacant for the year and not fund those.

President Ramirez Holmes stated that the total is eighteen (18).

Ms. Pryor replied yes and that the number is approximately 15% of the workforce. There are a number of studies and initiatives that will be looked at the next year such as communications, operations, resiliency and water supply planning. Based on those reviews, some or all of the positions may be filled in 2020.

President Ramirez Holmes said the six positions are a placeholder but not really determined because you're still reviewing what will come online and is needed in the budget. Ms. Pryor answered that to generate the maximum amount of savings staff picked the six highest paid positions to hold vacant in 2019. President Ramirez Holmes asked if those are positions may or may not be filled. Ms. Pryor replied correct, it could be some combination.

President Ramirez Holmes stated that in terms of water reliability, we know that there are items coming in the future but because we are not ready to fully fund these or make a policy decision of how they will be funded, we asked staff to estimate what we might need. \$9 million is great but it might not be great all at once or all in one cycle. Staff thought \$3 million will be enough to start to cover payments that might be requested for California WaterFix and for potential funding and phasing, yes? Ms. Pryor affirmed that was correct.

President Ramirez Holmes said we also have additional funds in 300 and 310, which are not generating any revenue but those accounts are available to us for additional water supply reliability and have between \$6 and \$7 million, correct? Ms. Pryor replied yes.

President Ramirez Holmes opened the discussion to public comment.

Dan McIntyre, General Manager of Dublin San Ramon Services District, said, regarding water reliability for the Tri-Valley, that the do-nothing option will have catastrophic consequences for the Tri-Valley. It is unthinkable that Zone 7 would not do one or more water reliability projects, which can cost upwards of \$200 million. So DSRSD's position is that putting more funding sooner to water reliability rather than later is better. \$3 million over four years doesn't seem like the best start on that now. It seems like an instance of not being realistic about what it's ultimately going to cost to get water reliability. Water reliability is at great risk. Although we prefer a longer period of rate program for the Zone, if you need some time to think about it then go with the 2-year scenario. An issue has been raised of when the water rates will be approved. Mr. McIntyre reminded staff that the water supply contract between Zone 7 and three of the retailers says that Zone 7 will endeavor to try to set its rates no later than November. We're going through our water rate setting process at DSRSD. We would like to dovetail and integrate that with what Zone 7 is doing so we would like to have an answer on what Zone 7's rates are for next year by the end of November. The DSRSD board did look at your information in earlier scenarios about four weeks ago and we are supportive of the rate increases. We're pleased to hear that you Board members are discussing policies issues in terms of reserves, debt financing, and other issues. Director Sanwong asked if DSRSD has an automatic CPI increase by policy. No, we don't. We do a rate study like Zone 7 does. We typically have an adjustment that is somewhat different than CPI in the first year and we typically do five-year rate program. Usually the next four years are set at the CPI index but that's not absolute. If unusual circumstances come up we go back to the board and suggest something different. Regarding the length of rates, DSRSD has been asking for a five- or six-year period from Zone 7 and the reason for that is administrative convenience to better dovetail and integrate with our five-year rate program.

Kathleen Yurchak, Director of Operations and Water Utilities for the City of Pleasanton, thanked Zone 7 Water Agency and city staff for improving its communication and outreach discussions in regards to the rates this time. She expressed appreciation for the opportunity to participate in these discussions. She thanked General Manager Valerie Pryor for coming to the Pleasanton City Council Meeting last night and giving a presentation on behalf of the Zone and thanked the Directors that attended last night's meeting also. Last night the Pleasanton City Council reviewed the two scenarios and put forth a recommendation via the resolution given to the Board. Ms. Yurchak highlighted a few of those recommendations put forth in that resolution. One was to revisit the reserve policy. We also would like you to consider taking out bonds for your capital projects and looking at the useful life of those projects to ensure future users pay their fair share of those projects. She suggested that the Board delay their decision tonight. This would give Pleasanton staff an opportunity to review and analyze the new scenarios and bring that to our council as well. As noted in the resolution, if the Board does not consider the City of Pleasanton's recommendations, the City is unable to support the proposed rates. She thanked the Board for considering Pleasanton's recommendations and said she'll be happy to answer any of the questions Director Sanwong had.

President Ramirez Holmes stated that Director Sanwong's questions were about the automatic CPI increase.



Ms. Yurchak replied that Pleasanton sets a five-year rate schedule, which was initiated in 2015. It is set to adjust by CPI annually; however, the City Council has the option of not passing on the CPI or adjusting it as they did in 2017 when they chose, both on the water side and the sewer side, not to pass that CPI increase to its customers.

President Ramirez Holmes asked if on January 2019, regardless of Zone 7's action, there would be a 3% increase.

Ms. Yurchak answered that there will be a CPI increase calculated to be 4.27%.

Director Stevens asked if she looked at Scenarios 1 and 2.

Ms. Yurchak replied yes.

Director Stevens asked if the City was concerned that there are seven other scenarios and wanted the opportunity to review those.

Ms. Yurchak replied correct.

Director Stevens requested Pleasanton's take on Scenarios 1 or 2.

Ms. Yurchak responded that the Council didn't act on recommending 1 or 2.

Director Stevens asked if the Council didn't want either one of those scenarios.

Ms. Yurchak said that Council suggested and recommended that if Zone 7 comes back with different scenarios that Pleasanton staff be given the opportunity to run that analysis through our rate structure to see what the impact would be to Pleasanton customers.

Director Palmer remarked that Pleasanton has reviewed the two current scenarios.

Ms. Yurchak replied that they ran those scenarios, which was presented at last night's Council meeting and it shows the rates differences between Scenarios 1 and 2 from a 10-unit customer to a 60-unit plus customer.

President Ramirez Holmes asked if Ms. Yurchak could share Pleasanton's rate structure. The Agency received a lot of comments from folks with large lots in Pleasanton that have pretty high bills, but that wasn't necessarily Zone 7's rate.

Ms. Yurchak explained that Pleasanton has a four-tier rate structure. Tier 1 is 0 to 10 units and that's for Zone 7 costs only. If customers use 10 to 20 units, it includes the Pleasanton discharge fee. From 21 to 40's CCFs it is Zone 7 costs, plus Pleasanton passes on its distribution charge and we add on a recycled water surcharge. From 41 to 60 CCFs it is Zone 7 costs, Pleasanton's distribution charge, the recycled water charge, and a capacity expansion fee. We have different scenarios for commercial, multi-family, and irrigation customers.

President Ramirez Holmes replied that, for 2018, if you were a 20-unit customer you'd pay the Zone \$3, right?

Ms. Yurchak replied yes.

President Ramirez Holmes asked what happens if you go to 40. What is the cost per unit? Total cost?

Ms. Yurchak answered that if you go from 21 to 40 CCF, it is \$3.53, and that includes Zone 7 costs, Pleasanton's distribution charge and the recycled water surcharge.

Director Quigley said that he gets bills from the City of Pleasanton for water and they are a little bit complicated but Ms. Yurchak did a good job of explaining. Are you going to roll out a 4.6% increase?

Ms. Yurchak answered 4.2%.

Director Quigley thanked Ms. Yurchak for explaining Pleasanton's distribution charges and DSRSD's surcharge.

Tish Niehans, a Pleasanton resident, complimented the Board for better transparency and welcoming communication from community members. She said that both staff proposals compound huge rate increases over the last two or three years that would cause tremendous hardship to a lot of your customers' customers. Most of us need to live within our income. We can't come up with a list of things that we would like to do or even necessarily increase our incomes to cover those things we feel we need to do, so she applauded the City of Pleasanton's request that the Agency look at more than its top two proposals. She wanted to see a proposal by staff to live within its income for the next fiscal year or perhaps at most a 4.2% or 4.27% cost of living increase. Ms. Niehans thought that the exercise of deciding what's really essential would be extremely constructive and help the Board make intelligent decisions about exactly how much hardship they need to thrust upon their customers' customers. She wanted to see some of the project funding prioritized from the bottom up instead of the top down and not begin with a huge increase.

Vin Pohray, a Pleasanton resident, asked for a zero rate increase. He said that the previous hike was supposed to meet the minimum reserve requirements but despite record revenues over the past few years that has not happened. O&M expenses, which will go from \$32 million in 2019 to \$39 million in 2022 will total almost \$17 million in O&M increases. So if the Agency were to control those expenses much better, we wouldn't need a rate hike at all. He urged the Agency to take a look at some of the increases in those tables and not argue about the transfer of capital funding or any of those things. He felt that all of the proposals were riddled with these kinds of issues and attempts to ring out any meaningful costs savings were not happening. So in addition to the two proposals, which are pretty much identical, there was no zero rate increase proposal at all which would have been possible through cost savings. That is what we are asking for. It's not a question of a \$5 or \$15 increase in our rates. It's our perceiving the Agency as good stewards of our money and that what we pay is thoughtfully used.

Linda Kelly, a Pleasanton Resident, thanked staff for tweaking the proposals for the water rates. She also thanked Ms. Pryor and Mr. Solitei for reading the many email communications. When we started our association with Zone7 we felt a lot like lost step children meant to be relegated to the scullery to be seen and heard as seldom as possible. Thankfully that has changed and for the first time in perhaps a decade we've had the opportunity to see proposals before they are actually decided upon. The public has long been criticized for not paying attention. The nearly 400 emails surely have convinced you that ask them and they will come. We hope you'll find your way to accept Pleasanton council's recommendation to delay rate increases for a year in order to give yourselves time to rethink policies which have been in place for some years and may now be outdated. She thanked Ms. Pryor for

implementing the delivery of agendas a week ahead of time before any Board or committee meeting. She looks forward to continued dialog and stronger and a more satisfactorily working relationship.

Alfred Exner thanked the Board for the opportunity to speak. He said he's attended all the workshops but would have liked to sit across the table and have discussions with people. On the retail rate increase, retail rate payers have seen a significant rate increase over the last few years but in the real world, we all need to live within our budget. We are currently in a 2% rate inflation rate environment and Zone 7 faces a number of large financial challenges such as significant underfunded retirement liabilities and the need to increase water storage capacity. In order to achieve a balance between rate increases and all the things that need to be addressed, he requested that management set a limit of no more than 4% on your scenarios for the rate increases. People living on fixed incomes, social security are getting 2.8%. He said that it looks like the treated water folks are subsidizing the untreated water folks. He suggested consolidating the rate packages and he wanted see where all the expenses are going and in order to know that one group isn't subsidizing the other group. He asked for a breakdown of all fixed costs; and funding big items such as the Los Vaqueros through debt because it's distorting the whole package.

Joe Cunningham, a Pleasanton resident, said that he was on the flood control board in the 80s and over time has seen changes in the rate structure. Pleasanton was normally \$100 every cost period. Now it's up to \$300. Three or four of those bills a year will come to over \$1,000. Now the county wants their tax. That's another \$1,000. When you're on a fixed income and you don't see those increases in income all the time it keeps dropping you down. This is hurting the little guy.

Leland Drysdale, a San Ramon resident, expressed gratitude for the opportunity to be heard. He felt that a decision should not be made at this meeting. He questioned how this would help the community. He felt that holding off on a decision tonight would be beneficial all those affected by Zone 7's decision.

President Ramirez Holmes closed public comment and asked the Board if they have additional comments or questions.

Director Figuers replied to a couple of speakers about why Zone 7 does rates in October. This has been the standard since circa 1975. It was initiated by the cities because they needed the time to take Zone 7's data and roll it into their system so the rates could go out on January 1. Occasionally, it has gone into November. We do this to help the cities with their accounting. It isn't random. If we put it off too late things get disrupted.

Director Palmer said that as we look at these projects to 2022, we make projections but if things change, we can always change what is in the next budget. It's not engraved in stone. She emphasized the importance of making these projections in order to help our retailers plan.

Director Stevens thought that 3% is the minimum level we need to maintain our employees because we cannot keep good employees unless you pay them. Everyone is stealing from everyone else in the water industry. Our water treatment plants have to be manned 24/7. It's not about cutting costs. They want a lot more. We have to negotiate with them. Unemployment is very low. He added that we have to worry about the drought. That's what the money is for. We're providing water for worst case drought conditions. The rate adjustments scenarios of 3% and 3.7% are to get back our reserves. We spent \$26 million and have \$5 million left. We will have a discussion on whether amounts are adequate or not. But if we have a drought in the next two years, we don't have \$26 million to make this place

operate. I would like to see it higher. Scenarios 1 and 2 are the lowest two of all the scenarios because we are trying to keep the rate increases low. I prefer the 3.7% because I plan for the drought and the flood. That's what takes all our money away. We have to take care of our constituents and you have to trust us to take care of you. That's what we are trying to do here. I'm for Scenario 1.

Director Quigley agreed with Director Stevens. He stated how he liked how transparent the Zone is. He complimented the annual report on being well done. It tells you where our money goes. It's publicly available on our website. Rate schedules, our projects, other funds, things like the Stream Management Master Plan, Sites Reservoir, and recycled water, are in the report and explain why we need Scenario 1.

President Ramirez Holmes stated that she is proud of the public process. This is the most meetings we've ever done on water rates. She emphasized the lessons of the drought. During one of the worst droughts in California history, Pleasanton City Council, DSRSD, Livermore, staff, and the public said we need to increase water reliability. They said we need to look at more water supply and storage. It's easy to forget about those moments when the drought is over. That's the part that is included in this water rate study. We've funded multiple studies. Those final decisions are coming with another phase and we're getting to the point where we have to choose among really expensive options. So this water rate studies looks at the funding of these projects and they are not cheap. We know what's coming. We know the WaterFix is coming and there are additional projects coming because WaterFix is still decades out and we don't put everything in one basket. We've learned that water is really limited. The cost of water is about the service and not the amount of water one uses. That's the part that's hard to understand and very difficult as we change the way we bill for water. 65% of our revenue is fixed costs. For the first time we've had to change that and what you're seeing is the variable rates go down and the fixed charges go up and that's great. It also, unfortunately, means that there is less opportunity for you ~~on how to change how~~ to affect those bills. As we change into that model those are the things I'm thinking about, service versus use. Learning the lessons of the drought, we have a policy regarding a drought surcharge. We have policies taking a look at water reliability. We are trying to make sure we cover fixed costs. If we have higher fixed costs, do we really need as much reserves? The answer is no. We have to look at the reserves because the reserve policies have to change in accordance with some of the things we've started to do. We have to look closer at the CIP, specifically the AMP Policy and the debt service. We have to figure out which projects we need to do and whether we are considering water reliability with those projects or keeping it separate. These are policy decisions the Board has not yet made. We have to give our new General Manager time to figure out the employee situation. While we have built in soft hiring freeze, we also need to have the flexibility for her to figure out the best plan for employees. That plan isn't solid yet. Water reliability is also not solid. I'm am looking at Scenario 2 but maybe a two-year option because I think during those two years a lot of things will happen. We will get a better picture on our water reliability decisions. We will have better clarity on the employee situation and how many positions we're really trying to fund. The model in Scenario 2 is for 6% but it's not an actual 6% each year. ~~She expressed~~ I am semi comfortable with those numbers. Even if we had a zero percent rate increase we'd need the 4.2%. I want to lay out a plan so that the public knows we are good stewards with the money. I want to put in a plug for a two-year Scenario 2.

Director Sanwong thanked staff with the planning that went into this rate setting process with the postcards, public workshop, and having a plan and communicating with the public. She thanked the public for attending, emailing us and sending in your comments. She thanked DSRSD for the letter they shared with us. She asked, regarding City of Pleasanton letter, what happens if we decide not to delay the vote, which conflicts with what the City of Pleasanton letter recommends? What does it

mean for us when the City says, if we don't consider the recommendation, the City is unable to support the proposed rates?

Ms. Pryor replied that she would have to defer to what the City of Pleasanton representatives have to say but she takes that to mean that they would publicly say they didn't agree with what Zone 7 did and if customers called them unhappy with their rates, they would say that it's an action that Zone 7 took that they did not support.

Director Palmer stated that she understood Pleasanton to say that they didn't absolutely hate everything but that if we adopted something other than Scenarios 1 or 2 then they want to see it. Is that correct?

President Ramirez Holmes responded by saying that the letter specifically says because the proposed rates were released to the public on Oct. 10, which includes two new rate scenarios the City hasn't had time to analyze, they are recommending a delay.

Director Figuers noted that the City of Pleasanton and Zone 7 have been at odds since 1971. We still don't have a written contract with Pleasanton.

Director Sanwong thanked Al Exner for his comments. Addressing his concerns about untreated water, she explained that most of the untreated customers are located near Patterson Pass and Del Valle water treatment plants and since they are using the water for agricultural purposes, they don't need the water to be treated. Because of their locations near Patterson Pass, Del Valle, and the South Bay Aqueduct, there doesn't need to be infrastructure in place to access the untreated water. There are no costs for us having to maintain any pipes, pumps or use electricity.

Ms. Pryor verified that was correct and said that they take the water from the South Bay Aqueduct, which is a DWR facility.

Director Sanwong said that for treated water there are additional costs involved.

Ms. Pryor added that treated water must be transported, treated, and transported again.

Director Sanwong, referring to slide 14, the dollar bill slide, said that this does a good job of showing the fixed costs. We are really looking at the service costs to bring that water to our faucets. When we are talking about water supply reliability we are planning for the drought or some other type of other emergency situation like an earthquake. We need to be good stewards with the money but we also need to be good stewards in planning for emergencies such as a drought. She added that households on a limited budgeted can get significant cost savings with water conservation efforts. Zone 7 has a lot of great educational information on water conservation. Water conservation is important because, not only will it save you money on your water bills, but if we as a collective community can reduce our water usage, it would save more water for drought years and help with our water reliability. She urged the community to think about water conservation and take advantage of the educational material available here at Zone 7 and at the retailers.

President Ramirez Holmes added that Zone 7 and the retailers have tremendous rebates programs.

Director Gambs thanked the public for the input of which part of that was due to outreach. We've never done this much outreach. Thanks in large part to Linda Kelly we have more interest from the public. That's healthy and discussing all these numbers is no easy task. Next time we'll learn from this

and do a better job. It's going to be hard to comply with some of the cities' requests but we have considered their recommendations. Two elements of the water rates that have been most discussed are the water supply reliability projects and the reserves. Our mission statement says it is our mission to provide a reliable supply of water in a fiscally responsible way. During the drought our water was not as reliable as we wanted it to be. We chewed up our reserves and the public's reward for increased conservation was increased rates. We should look to put our rate structure, reserves, and projects in line so that never happens again. I support Scenario 1, but I would like to have the Board revisit it again in two years.

Director Figuers says he votes for Scenario 2. They are virtually identical except Scenario 1 fully funds three reserves. Scenario 2 fully funds two reserves and partially funds the third. The difference in water rates is a minimum of 10% less than Scenario 1. Regarding revisiting the rates in two years, we already have that right. We can review the water rates any time we want.

Director Stevens pointed out that as a wholesaler of water we cannot have tiered rates by law. We leave that up to the retailers. He said he feels for people on fixed incomes.

Director Figuers clarified that neither of these scenarios fully fund the reserves. They just partially repay the funds to a target level.

President Ramirez Holmes added that we're fully funding to the target level but we're not fully funding to the maximum level. But the target is what we think we need.

Director Palmer responded that we have a target but these scenarios don't actually meet the target.

President Ramirez Holmes clarified that it does in Scenario One.

Director Sanwong said that the comments from our two retailers were on opposite ends. One retailer wants us to delay and vote for zero and the other is saying that we have an important situation in regards to our water supply and we need to start getting ready for the water reliability projects that we know are on the horizon. She said we're going to come back to this data in the future because as we start to make more decisions on the water supply reliability projects and we get more certainty around that, I think we will come back to that. She said she didn't think she could vote yes for a four-year situation. She thought two years might be a better option. It doesn't satisfy the City of Pleasanton's letter; however, if our rates are similar to what the City of Pleasanton is doing, it is fair for everything we need to do at Zone 7. However, as we get closer to looking at the water supply reliability projects, we may have to adjust even one year from now if we have more information.

Director Stevens interjected that it's all semantics. We're going to revisit this anyway. This gives DSRSD a tool to plan for their future. The City of Livermore wanted a longer term also. Cal Water would love to have a planning scenario like that. So the fact that we're planning for four years to be revisited in two years is the same thing.

Director Gambs made a point about a four-year plan. He said that what we are doing with the water rates is upping the fixed amount to 45%. That takes four years to do and by keeping it to four years it shows our commitment to make that change.

Director Stevens felt that was a very valid point.

President Ramirez Holmes asked Mr. Solitei how much fixed costs go up in two years.

Mr. Solitei replied that for the next calendar year the fixed cost is 37.5%, in 2020 it will be 40%, and 45% in 2022.

Director Palmer said she prefers Scenario 2 but is willing to go with Scenario 1 if that's what the Board wants. She felt that Director Gambs' point about showing our intention to increase our fixed costs is important. We always can revisit.

Director Stevens moved to adopt Scenario 1 of Item 9 and revisit it in two years. Director Quigley seconded the motion.

Director Figuers amended the motion and moved to adopt Scenario 2 of Item 9 for two years. President Ramirez Holmes seconded the motion. A roll call was taken and the motion failed to pass by 5-2, with Directors Gambs, Sanwong, Quigley, Palmer, and Stevens opposed.

The Board went back to Director Stevens' motion for Scenario 1 for four years with a revisit in two years. A roll call was taken and the item passed by a roll call vote of 4-3, with Directors Sanwong, Ramirez Holmes, and Figuers opposed.

**Ordinance No. 18-74** Adoption of the Treated Water Service Rates for Calendar Years 2019, 2020, 2021, 2022 (Item 9)

President Ramirez Holmes called for a three-minute break.

### **Item 10 – Proposed Untreated Water Rates for Calendar Year 2019**

Mr. Solitei gave a summary of this item. He said that to determine the untreated water rates for 2019, Zone 7 contracted with Raftelis to conduct a cost of service study for untreated water service in parallel with the cost of service study for treated water rates. Zone 7 met with untreated water service customers on September 11 to share the findings and get feedback and staff made a few refinements after that meeting. We presented the findings to the Finance Committee on September 18. The Finance Committee supported staff's recommendation. And today we present the report to the full Board for discussion and adoption for the rates to be effective January 1, 2019. Revenue in the first year will be slightly less than \$1 million based on a projected demand of 5,500 AF.

President Ramirez Holmes opened the item to questions from the Board.

Director Gambs asked if Mr. Solitei could elaborate on what "other water transfers" are. Mr. Solitei explained that the other water transfers were for River Gardens and other spot water transfers for additional supply water.

Director Palmer asked if that transfer water was available to untreated customers and if it came through the South Bay Aqueduct. Mr. Solitei confirmed that the water was for treated and untreated customers and came through the South Bay Aqueduct.

Director Gambs asked about the 38,290 acre-feet. Mr. Solitei explained that the number is the total demand for treated and untreated water, with 5,500 AF being untreated water.

Director Gambs asked how untreated water customers benefit from groundwater monitoring and management.

Ms. Pryor explained that this is a change in how the untreated rates are calculated. This is based on a cost of service study done by a rate consultant. Zone 7 manages all of our water supplies conjunctively. By maintaining a good groundwater availability program, more surface water is available for the untreated customer and vice versa.

Director Palmer asked for an example of a scenario of that.

Ms. Pryor replied that one example is during the drought period when ~~groundwater state allocated~~ levels were getting very low. There was still surface water available to provide to the untreated and other customers. By being able to use groundwater for municipal use in years when State Water Project allocations are low, groundwater management results in State Water Project water being available to untreated customers.

Director Palmer said that was a question she had gotten from a constituent and so she wanted to make sure that was a benefit that the untreated water folks were getting so that it makes sense to them in terms of that cost since it hadn't been done before.

Ms. Pryor added that staff did have a meeting with the untreated customers and we discussed this before this report was finalized and shared with the Finance Committee.

Director Stevens stated that we just spent a lot of money on fixing the South Bay Aqueduct and they get a direct benefit from that but he didn't see where that shows up in the report.

Ms. Pryor replied that the fixed charges are included in the State Water Project fixed charges that are paid through property taxes, so the untreated customers pay it through their property taxes.

President Ramirez Holmes opened the discussion for public comment.

David Lunn, a Livermore resident, thanked staff for getting the opportunity to meet and express his concerns. He complimented the detail of the report and how it has improved from earlier reports. He suggested that staff list the unit cost for the different water types. He felt the public doesn't understand that for some of these waters, like the State Water Project, there is no additional charge for Table A water. It's not clear. And the public doesn't understand that all the repairs come from property taxes. He expressed concern about spending a million dollars to buy River Garden Farms water. He didn't understand the decision to buy that water right now, especially in a year when that water would be sent to Cawelo and half of it would be lost. So it doesn't seem appropriate to buy that extra water. He recommended charging for groundwater. Without the groundwater basin we would all be in trouble in a drought. The retailers don't pay one penny for all the groundwater they pump and they pump as much as Zone 7 is pumping. The agreement in 1982 funded groundwater basin management through property taxes. Now it has been shifted ~~it~~ to the treated water rates. The only way to charge retailers for using the groundwater is through treated water rates. Maybe 80% of all groundwater is really for treated water customers and it should be reduced.

Alfred Exner, a Pleasanton resident, said he attended the Finance Committee meeting and was left mystified on how we can sell water at \$167 an acre-foot to untreated customers. He said we're basically giving away water for free. He proposed that we stop providing water for free and that we



sell the water at a market rate and that we do a better job of clarifying the untreated water costs. He questioned whether we are sharing the costs fairly between the treated and the untreated water folks. The same policy regarding fixed charges should apply for the untreated water folks. In the case of a drought everyone should participate in the fixed costs of running Zone 7. He felt there was inequity between the two rate calculations. There should have one consolidated package.

President Ramirez Holmes closed the public comments and opened it to the Board for discussion.

Director Palmer disagreed that we were not being fair to the treated water folks. ~~We are not subsidizing the untreated.~~ They pay a great deal in property taxes and their property taxes are what take care of the expenses from the State Water Project supply. Their property taxes are not reflected in that \$167. This water is untreated. They do their own work in terms of pumping it out. All we do is let them pump it out. They pay with their property taxes. They are not treated with special deference. We are not subsidizing them. To expect them to pay the same kind of rates you and I pay for drinking water is unrealistic and would be grossly unfair and untenable. We would no longer have any agriculture in this valley if we tried to do that.

Director Figuers added that if untreated customers were charged treated water rates, they would be forced to pump more groundwater. They could start putting wells further away and end up draining the basin and they wouldn't have to pay a penny for it. It would be a lose/lose situation for them and for us.

Director Quigley asked to see a year or two of invoices from DWR for the water that we get and the fixed costs and, for the same time period, the acre-feet of water that we consumed.

President Ramirez Holmes stated that she is glad that we took a look and are making it fairer because for the first time we have a cost of service study that really went into those rates and took a look at those in parallel with the treated water costs. She is very pleased that we were able to do that this year and get to a fairer outcome.

Director Stevens asked Mr. Solitei to find out the amount each untreated customer had to pay per acre-foot for the rights to use untreated water.

Director Stevens moved to adopt Item 10. Director Quigley seconded the motion. A roll call was taken and the item passed by a roll call vote of 7-0.

**Ordinance No. 18-75** Adoption of the Untreated Water Rates for 2019 (Item 10)

### **Item 11 – Proposed Municipal & Industrial Water Connection Fees for Calendar Year 2019**

Mr. Solitei gave a summary of this item. He said that connection fees are updated annually based on the Engineering News Record Construction Cost Index. Staff recommends increasing the current connection fees from September 2017 to September 2018 by 3.2%, with the Alameda County area increasing from \$28,170 to \$29,070, and the Dougherty Valley area increasing from \$27,030 to \$27,900.

Director Palmer asked why the Dougherty Valley area's fee was less than Alameda County's.

Mr. Solitei replied by referring to the footnote on the staff report which says that "*per the agreement*

*between Zone 7 and DSRSD, the Dougherty Valley connection fee does not pay for obtaining additional water entitlements and additional storage as Dougherty Valley developers provided the water entitlements and storage for the Dougherty Valley Service Area.”*

Director Gambs stated that we are in the process of updating our water supply reliability and as a consequence of that we will know how much water is needed for new development. We’ll also soon know what the cost of that water will be. When we have that information we will be updating this study to reflect those new costs. Is that something in the near future?

Ms. Pryor replied saying that staff would look at the water supply evaluation. We might also wait until the 2020 Urban Water Management Plan, but it’s typical of studies like this when you have some sort of major change such as an Urban Water Management Plan or if you’ve done some sort of CIP Master Plan. So, yes, it would be appropriate to revisit the study.

Director Sanwong asked for confirmation about this being for new development and the fund it goes into is only for projects that support that new development and that funds cannot be used for existing infrastructure. Ms. Pryor confirmed this.

Director Sanwong asked that if we wait until the 2020 Urban Water Management Plan update, we could fund water supply reliability projects through Fund 130 because of the expansion of the infrastructure.

Ms. Pryor replied as far as the various water supply reliability funding, staff will be looking at that over the next year or so and working with the Finance Committee and the Board. For the purposes of doing the wholesale water rate study that we did, we assumed Sites Reservoir will be new water and would be for growth and that would be funded by connection fees and not the treated water rates.

President Ramirez Holmes asked if for every project there was a calculation.

Ms. Pryor confirmed there was.

President Ramirez Holmes added that usually it’s a percentage split depending on the useful life of the project.

Ms. Pryor gave as an example that if we’re doing a water quality project such as the ozone, that’s funded 100% by existing users and rates. If we’re expanding a plant such as Patterson Pass, it’s being expanded for growth and the expansion is paid by connection fees.

Director Palmer moved to approve Item 11 and Director Quigley seconded the motion. A roll call was taken and the item was passed by a roll call vote of 7-0.

**Ordinance No. 18-76**      2019 Municipal and Industrial (M&I) Connection Fees (Item 11)

**Item 12 – Committees: Finance Committee Meeting, September 18, 2018 – notes**

President Ramirez Holmes pointed out one typo on the Finance Committee report. On line three of Item 2, Mr. Alvey’s name was misspelled.

### **Item 13 – Reports - Directors**

President Ramirez Holmes said she attended and spoke last night at the Pleasanton City Council Meeting regarding their item on Zone 7. Directors Sanwong and Gambbs were also in attendance as our General Manager made a presentation. She felt it was good for Pleasanton City Council to see the Directors in attendance and give them feedback on what we were thinking outside of the staff report.

Director Gambbs stated that he attended the Alameda County Watershed Confluence Conference today. It was attended by a broad range of staff from public agencies and there were some elected officials attending also. They discussed the geomorphology of areas in Alameda County. He noted that in the east part of the County where you have smaller watersheds in urban areas like Oakland, a lot of their storm systems are underground. If you contrast that with Zone 7's larger channels because the area was developed decades later, we are fortunate that a lot of our channels are open channels and available to the public. There was a discussion on the management of watershed lands and also the homeless. It's an issue that other areas have besides Zone 7 so it was good networking with them to see what they do in other areas. It's a complex problem. There were a lot of questions on what to do with homeless encampments that are so often in the creek areas. A highlight for him was a presentation by Zone 7 staff member Tami Church, our water resources planner. She talked about the EPA grant that has to do with Arroyo de la Laguna. He hoped the Board would be able to see that presentation.

President Ramirez Holmes requested that Ms. Pryor forward Tami Church's presentation to the rest of the Board. She also thanked the rest of the Board for their written reports and particularly Director Sanwong's "Why Drought Makes Water Rates Rise," which has been added to the Zone 7 website.

Director Palmer stated that at the meeting she attended yesterday there were a couple of important points. She said that microplastic legislation is a hot topic right now. We don't really know how to test for it appropriately. SB1263, which was just passed in September, just calls for testing and people still do not know what the health effects and environmental effects will be. There are a lot of unknowns but at least this legislation opens the way to starting to collect and develop the data to the point where we might be able to finally get some legislation that matters. But right now, testing is voluntary. Another important point is about mercury in reservoirs. The Feds give a three- to five-year lead time in terms of when you have to have your MCL (Maximum Contamination Levels) implemented, while California sometimes gives six months. It's good that California is on the cutting edge of things but sometimes rushing these is detrimental. An example is Chrome 6, where some discovered they could reduce Chrome 6 with another method discovered at the last minute. Another example was arsenic, where they were able to reduce arsenic by a methodology that if they had entered everything in on time, they would have been spending a billion dollars on a big project. It was interesting to see the importance of having lead time and the importance of giving agencies time to innovate and find alternates. It's important to meet public health goals but it's also very important to give people time to innovate and develop an efficient and effective way.

President Ramirez Holmes reminded Directors that if they plan to go to ACWA, to let Amanda know. Those early pricing deadlines are coming up very soon.

### **Item 14 – Items for Future Agenda - Directors**

President Ramirez Holmes asked for items for future agendas.

Director Gambbs asked about the date of the retreat, if it was still going to be on December 6.

President Ramirez Holmes confirmed that it is December 6. She added that we will be firming up the agenda and if anyone has any thoughts about that, to please share them with herself or the General Manager. We are planning topics such as the strategic plan and team building activities. We will be formalizing the agenda and sending it around.

### **Item 15 – Staff Reports**

Ms. Pryor highlighted two upcoming events:

1. The Bay Work Water Careers for Veterans Outreach event, which will be on November 7 at the Los Positas College from 11:30 a.m. to 3:30 p.m.
2. The Flood Preparedness Open House being held here next Tuesday, the 23<sup>rd</sup>, from 5:30 – 7:30 p.m. Zone 7 staff and other city staff will be here. Its purpose is to help our citizens learn some flood preparedness tips and talk about some of the programs we do to provide flood protection. At the end of the event we are going to give a quick tour before it gets too dark of one of our flood control areas nearby.

President Ramirez Holmes asked if the tour would be at a specific time. Ms. Pryor replied that it will be during the second hour.

President Ramirez Holmes noted that in the reports was the project status update on the SMMP. The Board has had that discussion and we wanted to make sure the public saw the interim update.

Director Sanwong asked when will we come back and review the SMMP.

Ms. Pryor replied that we've had the workshop. There were some heavy to-dos for staff, which they are working on, especially the modeling by reach. That's going to take a while. There are also informational reports like this one on what is happening with the 2006 SMMP. Staff is working on the various tasks and has not yet developed a firm schedule.

### **Item 15 Adjournment**

President Ramirez Holmes adjourned the meeting at 9:50 p.m.