

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

REGULAR MEETING
November 19, 2008

President Palmer called the regular meeting to order at 6:15 p.m. 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
MALA SUBRAMANIAN, BEST, BEST & KRIEGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS
TOM HUGHES, HUMAN RESOURCES MANAGER
TAMARA BAPTISTA, SR. STAFF ANALYST
PHYLLIS MAY, BUDGET ANALYST
JAVIA GREEN, STAFF ANALYST, WATER SUPPLY ENGINEERING
JOE SETO, PRINCIPAL ENGINEER, FLOOD CONTROL SECTION
SUZANNE ALAKSA, ASSOCIATE ENGINEER, WATER SUPPLY ENGINEERING
DAVID HOUTS, STAFF ANALYST
BARBARA MORSE, BOARD SECRETARY

The Board immediately went into Closed Session.

Item 2—CLOSED SESSION – 6:15 P.M.

- a) Conference with Legal Counsel - Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 6 cases
- 1) Watershed Enforcers v. California Department of Water Resources et al., Alameda County Superior Court Case No: RG06292124
 - 2) Alameda County Flood Control & Water Conservation District v. Braddock & Logan, et al., Alameda County Superior Court Case No. VG06293101
 - 3) Alameda County Flood Control & Water Conservation District v. Legacy Pleasanton Land, LLC; Hanson Aggregates Mid-Pacific, Inc., et al. Alameda County Superior Court Case No. VG07353303
 - 4) Alameda County Flood Control & Water Conservation District v. Oakland Scavenger Company, et al., Alameda County Superior Court Case No. VG06293139 and VG0734464
 - 5) Alameda County Flood Control & Water Conservation District, Zone 7 et al. v. California Department of Water Resources, Sacramento Superior Court Case No. 05AS0177
 - 6) Solano Water Agency, Napa County Flood Control & Water Conservation District, City of Yuba City and County of Butte v. State of California Department of Water Resources, et al., Sacramento Superior Court Case No. 34-2088-00016338 CU-BC-GDS

- b) Conference with Legal Counsel –Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 3 cases
- c) Conference with Labor Negotiators:
Agency Negotiator: G.F Duerig
Employee Organization: Alameda County Management Employees Association; Alameda County Building and Construction Trades Council, Local 342, AFL-CIO; International Federation of Professional and Technical Engineers, Local 21, AFL-CIO; Local 1021 of the Service Employees International Union, CTW;
Unrepresented Management

Item 3—OPEN SESSION WITH SALUTE TO FLAG—7:25 P.M.

Item 4—Report out of Closed Session

President Palmer gave the following report out of Closed Session:

In the matter of Alameda County Flood Control & Water Conservation District, Zone 7 v. Legacy Pleasanton Land, Hanson Aggregates Mid Pacific, Pleasanton Gravel Company, by unanimous vote, the Zone 7 Board has authorized settlement of the eminent domain action in the amount of \$25,000.00 plus statutory interest and costs.

In the matter of Solano Water Agency, Napa County Flood Control & Water Conservation District, City of Yuba City and County of Butte vs. State of California Department of Water Resources et al., by unanimous vote, the Zone 7 Board has authorized and directed its General Counsel to intervene as a real party in interest in this matter.

Item 5—Citizens Forum—No comments at this time.

Item 7 —Consent Calendar

Referring to Consent Calendar Item 7a—Board Policy on Conducting Business, Ms. Duerig stated that a slightly modified version was distributed to the Board before tonight’s meeting. The modifications are as follows:

1. Adding reference to the ACWA guidelines in the resolution
2. Re-ordering the objectives in Section 1
3. Correcting some misleading language in Section 7 and
4. Adding the Board Secretary to Section 15 (which was also discussed briefly by the Administrative Committee)

Items pulled from the consent calendar for discussion: 7a by Director Myers and 7g by President Palmer.

Director Figuers moved for the approval of consent. The motion was seconded by Director Kalthoff, and the following resolutions were approved by a vote of 7-0.

Director Figuers moved for the approval of consent calendar Items 7b through 7f, and 7h through 7i. The motion was seconded by Director Kalthoff, and the following resolutions were approved by a vote of 7-0.

- Resolution No. 09-3236 Accepting annual independent audit for the period ending June 30, 2008. (Item 7b)
- Resolution No. 09-3237 Accepting annual report on Collection and Use of Development Fees for the period ending June 30, 2008. (Item 7c)
- Resolution No. 09-3238 Approving amendments to Zone 7’s Conflict of Interest Code based on the required biennial review. (Item 7d)
- Resolution No. 09-3239 Approving one additional position of Water Resources Technician II. (Item 7e)
- Resolution No. 09-3240 Approving new classification of Associate Control Systems Engineer, including salary schedule. (Item 7f)
- Resolution No. 09-3241 Authorizing the General Manager to negotiate terms of an agreement to fund the Quagga and Zebra Mussel prevention program for Lake Del Valle through 2009 for a not-to-exceed cost to Zone 7 of up to \$90,000. (Item 7h)
- Resolution No. 09-3242 Approving Amendment No. 3 in amount of \$10,000 to contract with HDR Engineering, Inc., for Stream Management Master Plan Development Impact Fee Engineering Study for a total not-to-exceed contract amount of \$130,050. (Item 7i)

Item 7a—Board Policy on Conducting Business

Director Myers indicated that he had a number of suggested revisions to the Policy.

Stating that he had not read the policy in detail, Director Figuers requested that this item be continued to December.

There was some disagreement on the Board regarding whether this item should be continued or passed in its current form as revised this evening by Ms. Duerig.

Director Myers moved that this item be tabled until the December 17, 2008 meeting. The motion was seconded by Director Figuers and passed by a vote of 4-3. Directors Palmer, Quigley and Stevens voted no.

This item will appear on the December 17, 2008 agenda.

Item 7g—Extension of Untreated Water Contracts and Program Administration Update

President Palmer stated she had pulled this item because of a call from one of the untreated contractors, Ms. Gail Shearer, who had some concerns about the proposed new approach to the untreated water program as described in the agenda item. Ms. Shearer’s concerns included the connection fees which were paid by some of the untreated contractors to Zone 7; assurances of uniform rates; and fairness and equity to the smaller untreated water contractors who do not have their own turnouts (“Remote Contractors”).

Ms. Naamani clarified the action being requested. In addition to extending the untreated water service contracts that are about to expire, it is requested that the General Manager be given authorization to explore revising the Untreated Water Program so that Zone 7 would contract directly only with the seven "Turnout Contractors." This is only the very beginning of a long process which will include stakeholder meetings and discussions with all of the untreated contractors and negotiations with the Turnout Contractors. The Board will receive regular reports and any final approval will be made by the Board. The two-year contract extensions will give staff time to investigate the possibility of revising the program.

There were no further comments.

Director Kalthoff moved for the adoption of Resolution No. 09-3243 authorizing the General Manager to amend untreated water service contracts that have or are about to expire December 31, 2008/January 1, 2009, to extend the term until December 31, 2010; and to authorize staff to begin discussions and explore the possibility of revising the Untreated Water Program so that Zone 7 would contract directly only with the seven turnout contractors. The motion was seconded by President Palmer and passed by a vote of 7-0.

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It was pointed out that Item 6—Minutes of October 15, 2008 had been skipped.

Item 6—Minutes of Regular Meeting of October 15, 2008

Ms. Duerig stated that one revision had been made to the minutes of October 15, 2008 at the request of President Palmer.

The Board Secretary pointed out the addition on page 3 which clarified the discussion on the Economic and Operational Analysis Study. The addition was:

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.

On a motion by Director Quigley with second by Director Stevens, the Board approved the minutes of the regular meeting of October 15, 2008. Director Myers abstained.

Item 8—Staffing Update. None this month

Item 9—Award of Construction Contract to Preston Pipelines for the Patterson Pass Water Treatment Plant UF Plant Ferric Chloride Storage Expansion Project, Project No. 188-08

The Board heard a brief presentation from Ms. Suzanne Alaksa on the award of contract for the Patterson Pass UF Plant Ferric Chloride Storage Expansion Project, Project No. 188-08. The Ultrafiltration Plant at the Patterson Pass Water Treatment Plant is in need of expanded storage capacity for its primary coagulant, ferric chloride, which is used to improve operational efficiency and reliability.

Project Description:

- Engineering design has been completed for installation of two new tanks to provide storage of ferric chloride.
- The Engineer's Estimate for the installation was \$ 204,000.
- Zone 7 advertised the construction contract, and on November 5, 2008 bids were received from five bidders.
- Based on a review by staff and General Counsel, the lowest bidder, Preston Pipelines, Inc., with a bid of \$282,500, was found to have complied with the bid requirements.

Recommendation:

- Staff recommends adoption of a resolution authorizing the General Manager to execute a contract in a total amount of \$282,500 with Preston Pipelines, Inc., and to negotiate and issue change orders as and when required for an amount not to exceed \$28,250.

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

Director Figuers moved for the adoption of Resolution No. 09-3244 awarding the contract to Preston Pipelines, Inc., for construction of Patterson Pass Water Treatment Plant UF Plant Ferric Chloride Storage Expansion Project, Project No. 188-08 for the bid amount of \$282,500. The motion was seconded by Director Kalthoff and passed by a vote of 7-0.

Item 10—Flood Protection and Storm Water Drainage Development Impact Fee Ordinance Adoption

Mr. Arends briefly reviewed the history of this item.

- In October 2007, HDR Engineering, Inc., was retained by Zone 7 to perform an Engineering Nexus Study to establish a new Development Impact Fee (DIF) for the Stream Management Master Plan (SMMP) conceptual projects. HDR completed a draft study recommending a DIF of \$1.374 per square foot of impervious area.
- On October 15, 2008, the Board received a joint letter from the cities of Dublin, Livermore, and Pleasanton requesting that the Zone 7 Board defer action on the proposed fee increase until January 31, 2009; the Board deferred the item and consideration of the cities' letter until tonight's meeting.
- On October 20, 2008, a response was sent to the Cities which indicated that Zone 7 recognizes the current economic environment, and would be willing to consider this request if the additional time is used to develop alternative mechanisms for collecting this fee and financing options to help reduce its impact on developers and the economic vitality of our valley without compromising Zone 7's need for adequate and timely funding of the SMMP. The additional time would not be for continued discussion and review of the technical issues.

President Palmer called for comments from the audience.

Mr. Steve Cusenza, Utility Planning Manager, City of Pleasanton, thanked the Board and staff for continuing this item until the February 2009 board meeting. This has turned out to be a complicated matter and the Cities appreciate having more time. The Cities have been meeting and are giving this top priority. It is realized that this is not an "us" vs. "them" situation and that flood control is important to the Valley. The Cities will soon send a response letter to Zone 7 and will continue to work with staff.

There were no comments from Board Members.

On a motion by Director Kalthoff with second by Director Greci, the Board approved continuing this item to the February 18, 2009 board meeting.

Item 11—Proposed 2009 Special Drainage Area 7-1 Drainage Fees

Mr. Arends stated that this item was to approve an annual increase to the current Special Drainage Area 7-1 (SDA 7-1) Drainage Fee based on the Engineering News Record 20-City Construction Cost Index (ENRCCI). This action would adjust the SDA 7-1 drainage fee for inflation.

Background information provided by Mr. Arends:

- Zone 7 established Special Drainage Area 7-1 in 1966 and adopted Ordinance 53, subsequently repealed and replaced with Ordinance 0-2002-24, prescribing the collection of drainage fees assessed to developments creating impervious areas. Fees collected are the sole source of funding for Flood Control Capital Projects.
- Ordinance 0-2002-24 prescribes that the SDA 7-1 drainage fee may be reviewed and revised, to allow for inflation. The Engineering News Record 20-City Construction Cost Index (ENRCCI) is used to make the determination of the percent increase or decrease.
- Zone 7 was intending to adopt a new Flood Protection and Storm Water Drainage Development Impact Fee on November 19, 2008 which would have replaced the current SDA 7-1 fee.
- The cities of Livermore, Pleasanton & Dublin have requested that Zone 7 delay adopting the new Development Impact Fee to allow them additional time to investigate alternative funding options.
- Since the Board has now granted additional time, staff recommends that the current SDA 7-1 Drainage Fees be adjusted by the change in the ENRCCI to avoid a gap in the fee increase that results from delaying the adoption of the new Development Impact Fee.
- The recommended adjustment to the current SDA 7-1 Drainage Fees is 7.13%, which is the change in the ENRCCI from September 2007 to October 2008. The resultant 2009 SDA 7-1 Drainage Fee, effective February 1, 2009, would be as shown in the following chart:

<i>SDA 7-1 Drainage Fee and Reimbursement Schedule</i>	<i>2008 Fee (per square foot)</i>	<i>Proposed 2009 Fee (per square foot)</i>
All improvements that create new impervious areas	\$0.731	\$0.783

President Palmer clarified that the adjustment of the SDA 7-1 drainage fee for inflation is a stopgap measure because the new Development Impact Fee (DIF) which will fund the SMMP projects has been delayed.

President Palmer opened the public hearing for this adjustment of the SDA 7-1 drainage fee.

There were no public comments.

President Palmer closed the public hearing.

There were no Board comments on this item.

Director Figuers moved for the adoption of Resolution No. 09-3245 approving an SDA 7-1 drainage fee and reimbursement schedule for CY 2009 of \$0.783 per square foot. The motion was seconded by Director Kalthoff and passed by a vote of 7-0.

Item 12—Treated Water/Recharge Rate Schedules for 2009

The Board heard a presentation by Ms. Baptista on the Proposed Treated Water Rate for 2009 using updated assumptions. This item was carried over from the October 15, 2008 board meeting.

Ms. Baptista then gave a presentation on a slightly revised staff recommendation in light of new assumptions which were used to calculate the rate.

New Assumptions:

- Federal participation in BDCP will reduce Zone 7's share of the cost by \$1.3 million. This translates to lower operating costs for Zone 7.
- Enhanced water conservation programs totaling approximately \$800,000
 - Recycling master study
 - Enhanced water conservation program that would be developed in collaboration with water retailers.
- Reduced demand assumed because of two aforementioned programs.

Original 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%

Revised Staff Recommended Alternative 3 (using new assumptions):

Water sales:	10% below retailer projections due to conservation
Rate Stabilization:	\$3.4 M
Fund 72 Transfer	\$4.5 M
Water Rate increase	11.6%
Delta charge increase:	4.6%

Total increase: 16.2% which equates to \$804/acre-foot.

Finance Committee Recommendation: This new information was presented to the Finance Committee on October 28, 2008. A majority of the Finance Committee recommended the Revised Alternative 3: 2009 Treated Water Rate increase of 16.2% or \$804/acre-foot.

Staff Recommendations for the CY 2009 treated water rate:

- Approve a Delta charge of \$35/AF for all rates.
- Authorize the General Manager to use the Rate Stabilization Reserve as needed for 2009.
- Approve following treated water rates for CY 2009:
 - \$804 per acre-foot (Estimated increased cost to customer is \$4.79/month if entire increase passed on by the retailers.)
 - Recharge fee: \$659/AF.
 - Temporary treated rate: \$3.30 per 100 cubic feet.
 - Fire and standby rate: \$3.30 per 100 cubic feet.

Board comments/questions:

Director Myers called attention to discrepancies in the fund balance in the Renewal/Replacement Account as reported in the annual audit report (\$25 million) and in the CIP (\$17.5 million). That is a difference of \$8 million.

Ms. Baptista responded that the \$17.5 fund balance for the Renewal/Replacement & System Wide Improvements as reported in the CIP includes amounts encumbered for existing projects.

Director Quigley expressed concern that the \$800,000 earmarked for water conservation and recycled water programs was not in the CIP. He noted that he supported the programs and was comfortable with the proposed water rate increase. However, he urged that appropriate planning be done before spending the \$800,000.

Ms. Duerig stated that since those two items are not in the CIP, they will need to be brought to the board to approve appropriations. For now, the \$800K is an estimated amount that is a placeholder for the purpose of water rate calculations.

There were no further questions/comments.

In separate actions the following resolutions were adopted.

Resolution No. 09-3246 Approving a Delta Charge of \$35/acre-foot for all rates. (motion by Director Quigley/second by Director Kalthoff). Approved by a vote of 7-0.

Resolution No. 09-3247 Authorizing the use of the Rate Stabilization Reserve, as needed. (motion by Director Figuers/second by Director Quigley) Approved by a vote of 6-1, with Director Myers voting no.

Resolution No. 09-3248 Approving a treated water rate schedule for 2009 based on \$804 per acre-foot, which includes the Delta water charge. (motion by Director Quigley/second by Director Kalthoff) Approved by a vote of 6-1, with Director Myers voting no.

- Resolution No. 09-3249 Approving a recharge fee for 2009 of \$659 per acre-foot, which includes the Delta water charge. (motion by Director Figuers/second by Director Kalthoff) Approved by a vote of 6-1, with Director Myers voting no.
- Resolution No. 09-3250 Approving a temporary treated water rate schedule for 2009 of \$3.30 per 100 cubic feet, which includes the Delta water charge. (motion by Director Kalthoff/second by Director Figuers) Approved by a vote of 6-1, with Director Myers voting no.
- Resolution No. 09-3251 Approving a treated water rate schedule for private fire and standby service for 2009 of \$3.30 per 100 cubic feet which includes the Delta water charge. (motion by Director Figuers/second by Director Greci) Approved by a vote of 6-1, with Director Myers voting no.

Item 13—Untreated Water Rate for 2009

The Board heard a short presentation from Ms. Baptista on the untreated water rate for CY 2009. This item was carried over from the October 15, 2008 board meeting.

She reported that the same revised assumptions used for the treated water rates were also used for the untreated water rate. This resulted in a slightly different rate than what was presented in October.

For calendar year 2009:

- The proposed untreated water rate is \$181/acre-foot (AF).
- The proposed temporary untreated water rate is \$423/AF.
- The proposed non-scheduled untreated water rate is \$423/AF.
- The proposed surplus untreated water rate is \$188/AF.
- The proposed rates include a Delta charge of \$35/AF.

Board questions/comments:

In response to a question from Director Quigley on whether there had been any comments from the untreated contractors, it was noted that there had been a couple of inquiries but no written comments.

There were no more questions.

In separate actions, the following resolutions were approved by a vote of 7-0:

- Resolution No. 09-3252 Approving an untreated water rate for 2009 of \$181/AF. (motion by Director Figuers/second by Director Quigley)
- Resolution No. 09-3253 Approving a temporary untreated water rate for 2009 of \$423/AF. (motion by Director Kalthoff/second by Director Figuers)
- Resolution No. 09-3254 Approving a non-scheduled untreated water rate for 2009 of \$423/AF. (motion by Director Figuers/second by Director Palmer)
- Resolution No. 09-3255 Approving a surplus untreated water rate for 2009 of \$188/AF. (motion by Director Quigley/second by Director Figuers)

Item 14—Adoption of FY 2009/10 Capital Improvement Program Document: 10-year Water System Plan

The Board heard a presentation by Ms. JaVia Green, Staff Analyst, Water Supply Engineering, on the FY 2009/2010 ten-year Capital Improvement Program (CIP).

- The FY 2009/10 Ten-Year Capital Improvement Program document prioritizes projects to be implemented for the Water System, beginning with FY 2009/10. Included in the CIP document are: a description of the process used to develop the CIP document; a summary of the capital programs with highlights of key projects, expected costs over the next ten years, a comparison with previous CIP projections; and, cash flow analysis of the various capital funds.

Overview of the CIP:

- The ten-year CIP capital improvements are driven by current Water System policies, such as:
 - Reliability Policy (Resolution No. 04-2662)
 - Groundwater Management Policy (Resolution No. 06-2796)
 - Water Quality for Potable and Non-Potable Water (Resolution No. 03-2429)
 - Policy Principles and Joint Resolution for Zone 7 Water Quality Program
- 71 Water System projects totaling \$587 million are being proposed.
 - 4% (or \$22 Million) increase over FY 08-09 CIP.
- Funding constraints due to reduced revenue from connection fees, have caused projects to be re-prioritized and/or deferred in Funds 72 and 73. Some of those deferrals include:
 - Fund 73—AWTP Phases 1 and 2, Altamont Pipeline-County Reach, 2nd Demin Plant.
 - Fund 72—DVWTP Chemical System Improvements, Clearwell Interior Recoating, Aqueous Ammonia System and PPWTP Ammonia Facility Replacement.
- Major projects currently underway:
 - Mocho Groundwater Demin Plant, Altamont Pipeline-Livermore Reach, Chain of Lakes Wells
 - DVWTP Electrical System Upgrade, Chemical Tank Replacements, security and general improvements at both plants.
- Key Issues
 - Slow down in growth, demands and connection fee revenue.
 - Endangered Species Act and impact on reliability of supply conveyed through Delta and call for conservation (Wanger ruling).
 - Increasing costs of supplies, energy, construction materials.
 - Reaching appropriate funding levels for the AMP, while infrastructure is aging.

- Ongoing CIP Management includes:
 - Monitoring of project costs, schedules, priorities and revenue.
 - CIP Prioritization Group meets on a quarterly basis to review planned expenditures and actual revenue.
 - Asset Management Plan study in FY 09/10 to determine infrastructure replacement and funding needs.
 - \$60 million ISA with Wells Fargo untapped.
- The Draft FY 2009/10 Ten-Year CIP was presented to the Zone 7 Administrative Committee on September 15, 2008, Zone 7 Board on September 17, 2008 and to the Tri-Valley Water Retailers Group on October 8, 2008.
- Recommended action: Adopt the Draft FY 09/10 Ten-Year CIP.

Questions/comments:

Director Kalthoff asked about a carrying cost for the ISA and whether there is a deadline for using the money.

Ms. Green responded that there is an annual fee for the unused portion of \$30,000 for the ISA. The maturity date is January 2014. However, we estimate that we will begin drawing on the funds in 2010.

Mr. Steve Cusenza, City of Pleasanton and Chair of the Tri-Valley Water Retailers Group, thanked Zone 7 staff for the CIP presentation to TWRG. He noted that to save staff time, the City of Pleasanton does a two-year CIP, making adjustments as necessary in the second year. He suggested that might streamline the Zone 7 process and increase efficiency.

It was noted that DSRSD also does a two-year CIP.

Ms. Duerig responded that staff would look into it and come back with a recommendation.

Director Quigley suggested that the matter be placed on the agenda of the strategic planning committee.

There were no further questions.

Director Figuers moved for the adoption of Resolution No. 09-3256 adopting the FY 2009/10 Ten-Year Capital Improvement Program document. The motion was seconded by Director Quigley and passed by a vote of 6-0-1. Director Myers abstained.

Item 15—Authorization for Additional Appropriation to the High-Efficiency Washer Rebate Program

The Board heard a brief presentation from Mr. David Houts, Staff Analyst, Office of the General Manager, regarding the need for additional appropriation of funds to the High-Efficiency Washer Rebate Program.

- The Regional High-Efficiency Washer (HEW) Rebate Program, approved by the Board in December 2007, has proved to be highly popular.
- The Regional HEW Rebate Program was awarded a grant of \$2.98 million by the California Department of Water Resources, with \$90,000 allocated to Zone 7 to be spread over a three-year period. The grant funds an average of \$50 for each rebate paid, until grant funds are depleted.
- The Zone 7 HEW Rebate Program is funded through the Zone 7 Capital Improvement Program, and the current fiscal year budget for the Program is \$125,000 which covers Zone 7's contributions to the rebates plus staff time. The full \$30,000 of grant funds have already been expended during this period. The actual Zone 7 expenditure for rebates for the first four months of the fiscal year is another \$84,805. Staff time and other resource expenditures on this program during the same period are estimated at \$40,000.
- Since grant funds have been expended during the first four months of the year, to continue the program for FY 2008/2009 at approximately the same level, staff is requesting an additional appropriation of \$265,000, for actual rebates, rebate processing fees, program outreach and staffing.
- Potential water savings per 1,000 HEW rebates is 16 acre-feet annually. If current rebate levels continue through the end of the fiscal year, this could mean about 50 AF are saved by the HEW program this year, alone.
- Staff recommendation is for the Board to approve increased appropriations for this program for FY 2008-09 in the amount of \$265,000.

Comments/questions:

Mr. Randy Werner, City of Livermore, and Mr. Bert Michalczyk, DSRSD, both expressed their support for this program.

Director Myers moved for the adoption of Resolution No. 09-3257 approving and authorizing the General Manager to increase Fiscal Year appropriations by \$265,000 in Fund 72 – Capital Improvement, Renewal and Replacement (75%) and Fund 73 – Capital Expansion to the Zone 7 High-Efficiency Washer Rebate Program (25%). The motion was seconded by Director Quigley and passed by a vote of 7-0.

Item 16—Request for Designation of Voting Delegate for ACWA Amendment to Bylaws

Ms. Duerig advised that the Association of California Water Agencies (ACWA) has asked member agencies to designate a voting delegate who will be physically present at the upcoming Fall Conference in Long Beach (December 2 -5) to vote on behalf of the agency at the General Session Meeting on December 3, 2008. Directors Figuers and Quigley will both be attending; so presumably, one of those two should be selected.

Director Quigley stated that he cast Zone 7's vote at the last conference and he would be honored to do it again.

Director Figuers moved for the adoption of Resolution No. 09-3258 designating Director Quigley as Zone 7's voting delegate at the ACWA General Session for purposes of voting on a Bylaw Amendment. The motion was seconded by President Palmer and passed by a vote of 7-0.

Item 17—Committees

a) Committee Assignments

President Palmer stated that she had been soliciting input from Directors on their committee preferences in preparation for some changes to committee membership. In an effort to attain more equity and balance, she had been re-assessing committee membership and would be contacting directors via e-mail or phone call with new committee assignments.

Director Stevens commented that some want membership on more committees and some want fewer.

Director Myers asked who raised the question of equity regarding committee assignments.

President Palmer responded that she did—equity in number of committee assignments and interest level.

Director Myers stated he wanted to remain on the Finance Committee. Additionally, he was happy with all three of his current assignments.

President Palmer stated that she would contact directors via e-mail or phone with changes. She intended that each director should get at least one of their preferred committee assignments.

b) Administrative Committee meeting of September 15, 2008—minutes presented.

c) Ad Hoc Delta Committee meeting of September 16, 2008—minutes presented.

Item 18—Items for Future Agendas—Directors

- Ms. Duerig stated that a meeting of the Ad Hoc Strategic Planning Committee would be needed within the next few months to go over the “plan the plan” which was requested at the August board retreat.
- Directors with comments or suggested changes to the Board Policy document which was discussed earlier, should forward those comments/changes to the Board Secretary, Ms. Morse, or to Ms. Duerig for distribution to the Administrative Committee. It was suggested that the changes be sent in Word in the track changes editing mode.

Item 19—Reports—Directors

Director Myers reported that he is no longer participating in the Delta discussions on behalf of Zone 7. Zone 7 staff is doing it all; however, he is still sometimes attending the meetings as a member of the public.

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

Director Quigley:

- Attended a DSRSD board meeting and heard a presentation by Mr. Greg Gartrel, Assistant General Manager, Contra Costa Water District, on the Los Vaqueros project.
- Participated in a conference call that served as an emergency meeting of the ACWA Energy Committee. The topic was potential fast track funding opportunities that may result from the federal bailout bill (TARP) for projects that are ready to go. More information will be available on December 2 at the ACWA conference.

Item 20—Staff Reports (Information items. No action taken.)

- a. General Manager's Report
- b. Recent & Upcoming Public Outreach Activities
- c. First Quarter Financial Report
- d. Verbal reports

Item 20d—Verbal Reports

Ms. Duerig announced that we have received word that DWR has approved our grant for AB 303 funds to be used for a monitoring well in the chain of lakes area. We will be receiving \$250,000 thanks to staff in the Groundwater Section who worked on that application. Mr. Matt Katen, Principal Engineer, and Mr. Tom Rooze, Associate Engineer, managed that effort. This type of work is often done by consultants but we had this successful effort done by in-house staff.

Upcoming Board Schedule

- a. Regular Board Meeting: December 17, 2008, 7:00 p.m.

There was no further business and the meeting was adjourned at approximately 8:42 p.m.