

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

REGULAR MEETING
December 17, 2008

President Palmer called the regular meeting to order at 7:00 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
MALA SUBRAMANIAN, BEST, BEST & KRIEGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE
RHETT ALZONA, ASSOCIATE ENGINEER, WATER SUPPLY ENGINEERING
BARBARA MORSE, BOARD SECRETARY

Item 3—Citizens Forum

Mr. Don Babbitt, President, Heartwood Communities, spoke to the Board regarding his suggestion that fees collected at the time a building permit is issued be deferred in order to make it easier for buyers to finance construction loans. He estimated that in the City of Pleasanton the total fees amount to \$120,000 for each custom home. He explained that he has sold six of 12 custom lots off of Happy Valley Road; however, he has not had one closing in over a year. He stated that, in addition to Zone 7, he is making the same request of DSRSD, City of Pleasanton and the Pleasanton Unified School District. The City of Pleasanton is drafting an ordinance to take to the Council in early January regarding deferral of fees. He cited AB 2604 (passed in July 2008) which encourages agencies to defer fees until close of escrow or certificate of occupancy. He believed deferral of fees would have a positive effect in this slow real estate market.

Mr. Babbitt stated that he is an advocate of green building and is interested in ways of decreasing the amount of water use in homes, such as through the use of rain catchment systems. Regarding the proposed drainage fee increase, Mr. Babbitt stated that he hoped consideration would be given for use of methods to reduce water usage and/or prevent drainage from entering the Zone 7 system.

Mr. Babbitt spoke of high fees on new development and urged that such fees be rolled back to 2002 levels. With the value of homes having fallen to 2002 levels, he believed that the only way for the real estate market to recover would be to roll fees back to 2002 levels.

President Palmer thanked Mr. Babbitt for his comments.

Item 4—Minutes of November 19, 2008

On a motion by Director Kalthoff with second by President Palmer, the minutes of November 19, 2008 were approved as presented.

Item 5 —Consent Calendar

Items pulled from the consent calendar for discussion:

Items a and b by Director Kalthoff
Item d by Director Myers

Director Quigley moved for the approval of consent calendar Items c, e, and f. The motion was seconded by Director Kalthoff, and the following resolutions were approved by a vote of 6-0.

Resolution No. 09-3259 Approving addition of one position of Instrument Technician. (Item 5c)

Resolution No. 09-3260 Approving amendment in amount of \$61,000 to consulting contract with DTN Engineers, Inc., for electrical engineering support services for a total not to exceed amount of \$136,000. (Item 5e)

Resolution No. 09-3261 Approving Amendment No. 1 to the Agreement with PG&E for the Regional Washer Rebate Program. (Item 5f)

Item 5a—Request for Out-of-State Travel to Attend Upcoming Association of California Water Agencies Annual DC Conference held in Washington DC, February 24-26, 2009

Referring to Items 5a and 5b, Director Kalthoff asked what Zone 7 gets out of sending people to these conferences.

Ms. Duerig stated that Items 5a and 5b are two very different requests. The ACWA Washington DC conference is held annually, and we believe that it is important to attend this year because of the new administration and to make legislative contacts, opportunities for education, etc. Last year Ms. Karla Nemeth attended and had good things to say about the conference. This year we are requesting that Director Quigley and the General Manager be given approval to attend.

Director Quigley stated that one of the important things learned at the recent ACWA Fall Conference in Long Beach was that the new administration will likely be making a strong push to bring federal money to California. Attending the Washington conference will be a way to make personal contact with the new leaders and decision makers. The payback could be enormous.

Director Kalthoff was not sure that this was a wise expenditure given the current economy.

Director Myers agreed. He added that a lot of people are getting squeezed financially. As a public agency we are somewhat insulated. However, we should look at all the ways we spend money because money not spent now could mean a lower rate increase next year. He believed the agency should be prudent about approval of these types of expenses. Further, he believed the same information that would be received in Washington is available locally.

Director Greci suggested sending only one representative to the conference instead of two as a way of reducing the cost. He suggested sending the General Manager who would, upon her return, share what she had learned with the Board. He stated that he believed attendance at conferences could be valuable, particularly if the attendees bring back what they learn to share with others. However, recently there was a lot of discussion about why we had to raise water rates and why our costs are so high. Approval of expenditures like this make it more difficult to answer those questions.

Director Greci suggested amending the request to send only the General Manager to ACWA's annual Washington DC conference.

Ms. Duerig responded that we have been holding meetings with the local staffs of our legislators. If the Board is uncomfortable spending money on the DC conference, perhaps we should pass this year. The folks at ACWA are very accessible, and it would be possible for us to get our information from them this year.

There was consensus on the Board that only one person should be given approval to attend the ACWA conference in Washington DC.

Director Myers felt that the Board should decide who will attend.

Director Greci moved for the adoption of amended Resolution No. 09-3262 approving the request for out-of-state travel for the General Manager to attend the upcoming Association of California Water Agencies' Annual DC Conference in Washington DC, February 24-26, 2009. The motion was seconded by Director Kalthoff and passed by a vote of 6-0.

Item 5b—Request for Out-of-State Travel for Training at the Water and Wastewater Leadership Center in Chapel Hill, North Carolina, March 9-20-, 2009

Ms. Duerig stated that this request for authorization for out-of-state travel is related to staff development and succession planning. The request is for Kurt Arends, Assistant General Manager, and Tamara Baptista, Financial & Systems Services Manager, to attend the Water and Wastewater Leadership Center training in Chapel Hill, North Carolina, March 9-20, 2009. This leadership program is a joint venture of the American Water Works Association, the Water Education Foundation and the Association of Metropolitan Water Agencies and provides an intensive program to develop participants in a wide-variety of leadership and management skills to meet customer demands with the highest level of service, quality and efficiency in the water and wastewater industry. The curriculum is designed for current and up-and-coming water and wastewater utility CEOs, General Managers, Senior Managers and upper-level management.

The two proposed Zone 7 participants will acquire valuable skills, permitting the agency to build more expertise to manage vital and sensitive functions throughout the agency, and to gain additional depth in the organization structure. This is a two-week university program, and the cost compares favorably with other recent travel to AWWA events.

Director Stevens stated that he believed succession planning is very important. However, how do we know that these two individuals will stay with Zone 7?

Director Myers stated that in different economic times this would not be an issue. Is there any urgency to send these two employees now? He suggested looking at in-house classes to train more people at one time. We could also look for local programs. He did not feel that approving this expenditure made sense at this time.

Ms. Duerig stated that one of the advantages of this particular program is that participants work directly with other future leaders in the water industry and make contacts and meet others at the same level.

President Palmer suggested softening the financial blow by splitting the attendance with one person attending this year and another next year.

Ms. Duerig stated she believed there are advantages to the agency in sending two employees, such as: providing checks and balances for each other, and the opportunity to learn more about each other's areas of expertise and establish internal ties that will benefit their day to day working relationship.

Director Quigley supported the approval of this request, stating that the employees will acquire valuable new knowledge and have the opportunity to network and collaborate with others in the water industry.

Director Kalthoff believed this could wait until next year. It gives the appearance of not considering the current economy.

Ms. Duerig responded that she did not believe that the economy will turn around in a year. In terms of succession planning, we need to act sooner.

Director Stevens moved for the adoption of a resolution which would approve out of state travel for Kurt Arends, Assistant General Manager, and Tamara Baptista, Financial & Systems Services Manager, to attend the Water and Wastewater Leadership Center training in Chapel Hill, North Carolina, March 9 – 20, 2009. The motion was seconded by Director Quigley but failed for lack of a majority on a vote of 3 ayes and 3 noes. Directors Greci, Kalthoff and Myers voted no. Director Figuers had not arrived yet, and, thus, was absent for this vote.

There was a brief discussion on amending the motion to send one person; bringing it back next month; or re-introducing this item after Director Figuers arrived.

Ms. Duerig stated she really believed that two staff members should attend. Further, even if approval were to be given next month, it would be too late for registration.

Director Myers stated he did not think it was appropriate for another vote to be taken at this meeting. This item has been voted upon, and it failed to pass.

Director Stevens stated that this action bothered him because Ms. Duerig is the General Manager and she made the decision to send two staff members to this training based on numerous discussions with staff. Now, we're sitting up here telling her how to do her job.

Some of the other Directors disagreed, saying that this a specific issue that is being decided.

Director Greci stated that we are looking at hard economic times. That's the reason for the bickering over this decision. It's not that we don't want our people to go or the organization to grow. Our General Manager has only been here a year. He was not worried about succession planning with regard to the general manager. He was not opposed to training—it's a good thing—but there is a responsibility for the general manager to prepare succession planning with the employees we have right now. There are things that you can involve them in, e.g., forecasting and planning. There is still something to gain from the general manager working with these people. He was in favor of the training, but we just turned down a request for \$2500 to send Director Quigley to the ACWA Conference in Washington DC. It just makes good sense to look at this request for \$29,000. We are looking at the dollar, and times are tough. We'd best hang on to the money right now. Let's wait and see. This is not an urgency that this organization is threatened by because these two employees do not attend this training. We'd like them to go but right now it is not necessary. The Board has voted on this item, and, therefore, the issue is moot.

Director Kalthoff agreed and added that he is not trying to tell Ms. Duerig how to do her job—he is just voting on this one issue.

President Palmer stated she believed there was consensus that this is valuable training and that the Board is very comfortable with providing this training to Mr. Arends and Ms. Baptista. However, this is just not the time to proceed. Since this is an annual event, perhaps in the future we'll be able to send these folks to this training.

There were no further comments.

Item 5d—Contract Amendment No. 5 with Meyers, Nave, Riback, Silver & Wilson for Property Acquisition Services for the Altamont Water Treatment Plant and Pipeline Project

Regarding the two eminent domain cases mentioned in the staff report, Director Myers asked the amount for which we're at risk if we don't litigate the two cases relative to the \$200,000 that we're taking out for legal expenses. He asked for a ball park figure on how far apart we are on negotiations with the two property owners mentioned in the agenda item—something to measure the \$200K against.

Ms. Duerig stated that staff does not have that information available right now but can provide it. On one or two of them—and it could be these—we're talking about millions of dollars.

There were no further comments or questions on this item.

Director Kalthoff moved for the adoption of Resolution No. 09-3263 approving Contract Amendment No. 5 in the amount of \$200,000 with Meyers Nave Riback Silver & Wilson for property acquisition services for the Altamont Water Treatment Plant and Pipeline Project, for a total not-to-exceed contract amount of \$1,594,000. The motion was seconded by President Palmer and passed by a vote of 6-0.

Item 6—Staffing Update.

Ms. Duerig introduced the following new Zone 7 staff members in attendance at tonight's meeting:

- Mr. Dan Moy, Safety Technician I, Human Resources & Safety Section, North Canyons
- Ms. Nagla Alberawi, Water Quality Laboratory Technician, Water Quality Section, Del Valle WTP

Mr. Brian Keil, Junior Water Resources Planner, Water Quality Section, Del Valle WTP, could not attend tonight's meeting.

Item 7—Award of Contract to Preston Pipelines for the Patterson Pass Water Treatment Plant & Del Valle Water Treatment Plant Sodium Hypochlorite Tank Replacement Project, Project No. 191-08

The Board heard a brief presentation from Mr. Rhett Alzona on the award of contract for the Patterson Pass & Del Valle Water Treatment Plant Sodium Hypochlorite Tank Replacement Project, Project No. 191-08.

Project Description:

- Replacement of four 12,000-gallon sodium hypochlorite storage tanks [two at the Patterson Pass Water Treatment Plant and two at the Del Valle Water Treatment Plant] which are currently all leaking and need to be replaced. There is also a need to add one more tank of the same size to increase the storage capacity at DVWTP to provide the flexibility needed for 100% operational reliability.
- Sodium hypochlorite is used for disinfection and is essential to the treatment plant process and plant production.
- The Engineer's Estimate for the installation was \$ 730,000.
- Zone 7 advertised the construction contract and on December 4, 2008, bids were received from eleven bidders.
- The bids were reviewed by staff and General Counsel, and the lowest responsible responsive bidder was determined to be Preston Pipelines, Inc., Lathrop, California, with a bid of \$557,100.

Recommendation: Adopt the attached resolution to:

- 1) Authorize the project;
- 2) Approve the plans and specifications, and addenda;
- 3) Approve the appropriation of \$650,000 (Bid amount + 10% + support services) in Fund 72 – Renewal/Replacement and System-wide Improvements to be added to the currently approved Fiscal Year 08/09 budget;
- 4) Receive bids and award a contract to Preston Pipelines, Inc., for the bid amount of \$557,100;
- 5) Authorize the General Manager to execute the contract; and
- 6) Authorize the General Manager to negotiate and issue change orders as and when required in accordance with the contract for an amount not to exceed \$55,710.

Comments/questions:

In response to a question, Mr. Alzona advised that haul away of the old tanks is part of the contract.

Mr. Alzona answered questions posed by Director Greci regarding the design of the tanks.

There were no further questions.

Director Myers moved for the adoption of Resolution No. 09-3264 awarding the contract to Preston Pipelines, Inc., for construction of Patterson Pass Water Treatment Plant & Del Valle Water Treatment Plant Sodium Hypochlorite Tank Replacement Project, Project No. 191-08 for the bid amount of \$557,100. The motion was seconded by Director Quigley and passed by a vote of 6-0.

Item 8—Authorization to Become a Member of the State Water Project Contractors Authority’s Delta Specific Project Committee and to Execute Related Funding Agreement

Mr. Arends gave an overview of this item:

- The purpose of the Delta Habitat Conservation and Conveyance Program (DHCCP) is to develop alternatives for reliably conveying SWP and CVP water across or around the Delta in an environmentally sound manner. The Bay Delta Conservation Plan (BDCP) is a Habitat Conservation Plan that provides a flexible basis for endangered species protection.
- The DHCCP will prepare an Environmental Impact Report (EIR)/Environmental Impact Study (EIS) along with preliminary design on BDCP identified projects.
 - Parallel process to BDCP.
 - Develop alternatives for conveying water around the Delta, including alignment, construction methods, mitigation, cost.
 - Prepare EIR/EIS.
 - Completion by end of 2010.
 - Overseen by DWR.
- The Department of Water Resources (DWR) is the lead for implementing the DHCCP, but funding of the effort is required.
 1. Estimated cost: \$140 million
 2. Cost shared equally between State and federal contractors.
 3. Requirement for direct funding from the contractors.
- The Delta Specific Project Committee (DSPC) is comprised of members of the State Water Project Contractors Authority who enter into funding agreements with DWR and will develop policy positions for the SWP contractors.
- The estimated cost of the DHCCP is \$140 million, \$70 million of which will be paid by those SWPCA members who enter into funding agreements and \$70 million to be paid by CVP contractors. The DHCCP EIR/EIS and preliminary design work should be completed by the end of 2010.
- The DHCCP cost to Zone 7 is approximately \$1.5 million over the next two years.
- Value in Zone 7 continued participation in this process: input and being at table.

Comments:

Director Myers expressed support for Zone 7’s continued participation in the BDCP and now in the Delta Specific Project Committee. It is important for Zone 7 to take an active role in planning and developing financing for a Delta fix. He reminded that federal participation in the financing was a factor in development of the treated water rate last fall when calculations revealed that federal participation in the BDCP process would reduce Zone 7’s share of the total cost.

Director Quigley stated that he’d heard feedback at the recent ACWA conference about the possibility of assistance from the Army Corps of Engineers and Bureau of Reclamation so there may be federal money available.

Referring to the next to last presentation slide that depicts the DHCCP structure, Mr. Wong stated that the DHCCP MOA executive committee consists of the general managers of Metropolitan Water Agency, Kern County Water Agency, Santa Clara Valley Water District, Westlands, and San Luis Delta Mendota and two GMs to be selected by the State Water Contractors JPA. There is a strong sentiment to have a Northern California general manager contractor represented on the Executive Committee and most of the discussion that he had heard targeted the Zone 7 General Manager, Ms. Duerig, for that position.

Director Stevens had questions related to what would happen if we do not become a member of the DSPC. Is there a risk to Zone 7 not participating?

Mr. Arends responded that ultimately we would still be providing funding, and we would have no input. The biggest risk is that we would be out our up front money if the project is never built. Staff believes that it is advisable to pay to participate and to have a voice.

President Palmer commented that the reasons for Zone 7 involvement have not diminished. She felt that we have to proceed with this next step.

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Director Figuers arrived at 8:05 p.m.

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Director Stevens disagreed. From a political standpoint maybe we should proceed but if you start to talk about bad economic times and this impacting our water rates, \$1.5 million is a lot of money. If you just vote in a monetary sense, I would say no but if you start going into politics, that's where I don't know where this stands. If you look at Staff Report Item 13d (Bay Delta Conservation Plan—Quarterly Financial Update) on tonight's agenda, financially we are into the BDCP for \$180K. And if you read this item (Item No. 8), the only time we get drawn in is if this goes to construction. If it doesn't go to construction, we lose \$1.5 million. That is \$1.5 million that was added to our water rates and everyone complained. That to me has a lot more impact than \$29,000—which the Board turned down in Consent Item 5b. He requested an explanation of the political advantages of participating directly in the DHCCP because Zone 7 is already represented by State Water Contractors which is also a member of DHCCP. The risk that the SWC will do something we don't want them to do, he believed is non-existent. Membership in this committee will cost us \$1.5 million. It doesn't make sense to commit to spending \$1.5 million when he hears all the talk on the Board about saving money for the public and when we turn down requests for \$2,500 and \$29,000 (consent items 5a and 5b). Now we have \$1.5 million that maybe we don't have to commit to because maybe we're going to lose face if we don't. He stated that is not worth the money to him.

Mr. Wong responded to the political aspects of whether Zone 7 should be part of the DHCCP. There is a perception that the conveyance facility is a north vs. south issue. This afternoon he had spoken to the general manager of the Solano County Water Agency who related that his board voted unanimously to participate in pre-funding the DHCCP primarily from the standpoint of having a place at the table to participate in the discussions and have input into how the operation of the facility will be developed. The money is a pre-funding that will get credited back in our Delta capital charges if this comes to fruition. We are spending money now, and we may save a bit in our Delta capital payments. The risk may be in how it is operated and the size and location of the facilities. We will have a place at the table and in particular, as mentioned before, they are looking for the Zone 7 general manager to have a key role in those discussions.

Ms. Duerig commented that former general manager, and now Director, Dale Myers established a great reputation for Zone 7 in the BDCP process that she is trying to continue. We have been talking with other participants for over a year now trying to hammer out the details of this MOA. During this process, Zone 7 has often been in the role of brokering the differences between the north and the south or the agricultural and the urban contractors—as we have both in our service area. If we don't participate, our facilitation role is lost in terms of moving the improvements forward. It's not so much that our interest differs from other SWP contractors but just that we need to do anything we can to move this forward. Any Delta improvements and outcome of the BDCP is so critical to Zone 7 that it is necessary that we make every effort we possibly can to facilitate discussions and move the projects forward to get our reliability back.

Director Myers made comments related to finances and the two presentation charts which depicted "Estimated SWP Delivery Impacts" under average conditions and dry conditions. He stated that he would make some off the wall guesses but probably in the ballpark.

Director Myers continued, saying that the water Zone 7 gets has a high fixed cost whether we get 11% or 100% a large portion of the fixed cost (perhaps as much as 80%) stays the same. If you look at the presentation graph for dry conditions (far right under worst case conditions), we could be potentially talking about every year getting 50% of our water at 80% of the cost we're paying right now. That is a huge financial impact. The 80% is a bit of an estimate but it is in that order of magnitude and cost. So when you talk about potentially investing \$1.5 million for the next couple of years to do the EIR/EIS and develop alternatives, it is a very small investment for a potential real savings or, in the worst case, an impact on the rate payers. The financial implications, as well as the political issues, indicate that this is a good thing to do.

Director Quigley agreed. Ninety percent of Zone 7's water supply is conveyed through the Delta, and this is an opportunity for a partnership between federal and state interests. We need to continue in the direction we're headed. He added that Zone 7 is looked at as a leader among other state agencies. He held up an award for Outstanding Outreach Participation that he received on behalf of Zone 7 at the ACWA conference in Long Beach.

President Palmer commented that even though we're in tough economic times, we still need to plan for the future. We need to be fiscally responsible but still need to spend money. Continued participation in the BDCP and DHCCP is an investment in the agency's future.

Director Stevens still wasn't sure. He saw the potential for the agency losing \$1.5 million if this goes to the voters and they turn it down. He felt that the Board was taking a chance.

There were no further comments.

Director Myers moved for adoption of Resolution No. 09-3265 which would:

- 1) Authorize and approve Zone 7 becoming a Member of the Authority's DSPC and authorize the President to execute the Authority's DSPC Specific Project Agreement;
- 2) Authorize the execution of the DHCCP Funding Agreement; and
- 3) Appoint the General Manager or her designee to represent Zone 7 at all meetings of the Delta Specific Project Committee.

The motion was seconded by Director Kalthoff and passed by a vote of 6-1-0. Director Stevens voted no.

Director Figuers apologized for being late. He noted that he supported this item, and was not willing to run the risk of losing our water supply. There is no quick solution to these issues. A referendum is likely, and it must pass or there will be no water.

Item 9—Board Policy on Conducting Business

President Palmer summarized the current status of this item.

- The Board Policy on Conducting Business is based on the template provided by the Association of California Water Agencies.
- The draft Policy was initially introduced at the Administrative Committee on September 15, 2008 for comment and with the recommendation that it go to the full Board for adoption.
- The full Board considered the Policy on November 19, 2008. Because there were suggestions to modify the Policy, the Administrative Committee on December 10, 2008, again reviewed the Policy and considered written suggestions for changes which were submitted by Directors.
- Before the Board tonight for adoption is the Draft Policy with edits deemed appropriate by the Administrative Committee.

Director Myers stated he believed the Policy was still about four edits away from being final. He then went on to detail the four proposed changes he believed would add more flexibility to the document.

President Palmer noted that all of the proposed changes submitted in writing to the committee had been discussed and, if deemed appropriate, were incorporated into the document.

After review and discussion by the Board, three of Director Myers' suggested changes were incorporated into the Draft Board Policy for Conducting Business.

There were no further comments.

Director Myers moved for the adoption of Resolution No. 09-3266 approving the Board Policy on Conducting Business as amended. The motion was seconded by Director Stevens and passed by a vote of 7-0.

Item 10—Committees

- a) Administrative Committee meeting of December 10, 2008—The Committee met to review proposed edits to the Draft Policy for Conducting Business which had been submitted by Directors. Minutes are available.

Item 11—Items for Future Agendas—Directors

Referring to a November 25, 2008 letter received from the Ruby Hill Golf Club, Director Stevens stated that he would like to hear more about their proposal at a future meeting. The letter requested an evaluation of a proposed improvement to their sprinkler nozzles which they believe will promote efficiency in irrigation of their golf course. Additionally, the letter asked how that efficiency and water savings might be applied to a rebate program as part of Zone 7's efforts to promote water conservation.

Director Stevens also requested a presentation on the chain of lakes within the first three months of the coming new year. This area is very important to the future of Zone 7 and we need to get out in the forefront of what's happening out there.

Director Greci agreed with the need for a presentation on the chain of lakes. He requested that it include planning and forecasting information on the lakes. We're not scheduled to receive them until some time in the future but we need to develop a plan of what we're going to do once we receive these lakes so that should it happen on an earlier time frame then we're prepared.

Director Stevens concurred and added that we need a master plan for the chain of lakes area.

Ms. Duerig responded to the two items raised.

Regarding Ruby Hill, Ms. Duerig stated that we have responded to the letter saying we don't have a rebate program like that right now; however, we will be looking at the possibility as part of our expanded conservation program and planning. We have a report from Kennedy Jenks that is still in the draft stage and under review by staff. A meeting is scheduled tomorrow with the retailers to go over their comments on the draft report. The comments will go back to KJ for inclusion in the report. The report looks at the various conservation BMPs and makes recommendations on how to get the most bang for our buck in various types of conservation programs. We'll be coming back to the Board with a recommendation for a conservation plan and that would be an appropriate time to fold in Ruby Hill's request. That may be several months from now.

In terms of chain of lakes master planning, Ms. Duerig stated that developing a master plan can be a very expensive undertaking. Since we suspect we will not get the lakes for a while and when we're looking for projects to defer, that is one of the CIP projects that is likely to be deferred. If we found that we would be getting lakes earlier, our prioritization might change. The way things are looking right now, we have time. We're short on money and we're trying to find ways to get money to make sure critical projects like the hypochlorite tanks get done and that has resulted in the chain of lakes master planning project being pushed back. We'll also come up with a presentation on the chain of lakes to keep the Board informed about where we are and what's going on. She predicted that would be on the Board's agenda within the next few months.

Director Stevens added that he is interested in getting the water conservation information out to the public agencies that could benefit from cost savings from new landscape irrigation methods.

Director Stevens continued that he would like to see a date publicized as the start of the master planning effort for the chain of lakes—whether it is 2015 or 2020. We need to get it out to the public. *(Ms. Duerig agreed that could be done.)*

Regarding the water conservation plan, Ms. Duerig responded that we are looking at a rebate to the school districts for landscaping. It is recognized that school districts don't have the cash for capital improvements of this type. Therefore, under the wing of the Bay Area Water Agencies Coalition which is a grant application group, we are looking at a possible matching funds/grant program that would be similar to the current high efficiency washer rebate or low flow toilet rebate programs. Such a program would help us because it would benefit the schools, and it would help Zone 7 manage water demands.

Director Quigley suggested an ad hoc chain of lakes/urban runoff committee for brainstorming chain of lakes issues.

President Palmer responded that the Board could consider the need for such a committee; however, we have to be careful that we're not acting as staff.

Regarding the Ruby Hills letter, Director Myers requested that board members routinely receive copies of responses to letters that are addressed to the Board. *(Ms. Duerig responded that we will make certain that happens. This particular letter was just signed by the Board President this evening.)*

Mr. Myers continued by saying that in terms of incorporating things like this into our conservation program—and this also relates to Mr. Babbitt’s earlier request—if we were to have to buy that 37 AF of water, that is \$75,000 or so for additional water supply—so there is a definite advantage to us to incorporate these kinds of ideas –especially when they’ve already been proven elsewhere to have some effectiveness.

Director Greci added that recently he’d had a conversation with one of the Zone’s untreated water contractors that get their water through Wentle. They have hired a consulting firm to do soil testing and measurement of transportation rates and percolation for their entire property so they can better understand their needs with regard to sprinkler size and frequency of watering. This is something that is taking place, and he stated he would be happy to pass on contact information if anyone is interested in talking with these folks.

President Palmer announced a meeting of the Ad hoc Strategic Planning Committee on January 8, 2009. The topic will be planning the strategic planning process (plan the plan).

Item 12—Reports—Directors

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

Director Myers offered congratulations to Zone 7’s outreach staff on the ACWA Outreach award. He stated that Ms. Karla Nemeth had a large part in that award and should also receive congratulations.

Director Myers stated that he was invited to and attended the swearing in of Ms. Joan Buchanan the new 15th District Assemblyperson. The 15th District stretches from Zone 7 service area to Elk Grove which is on the east side of the Delta. In conversations with her, he volunteered to work with any Delta groups that she might put together and have those discussions. He added that he has been impressed with Ms. Buchanan at the candidate forums; she does her homework and has an open mind.

Item 13—Staff Reports (Information items. No action taken.)

- a. General Manager’s Report
- b. Recent & Upcoming Public Outreach Activities
- c. 2008 Water Quality Management Program Implementation Plan Update
- d. Bay Delta Conservation Plan—Quarterly Financial Update
- e. Verbal reports

Item 13e—Verbal Reports

Mr. Arends reminded the Board of the upcoming tour with the DSRSD Board’s Water Committee which is scheduled for tomorrow, December 18 at 9:00 a.m., at the Mocho demin construction site in Pleasanton.

Ms. Duerig advised that Zone 7 had a webcam video clip done for SMMP and StreamWise issues. It was done as part of a grant from the American Municipal Water Agencies. A five-minute video clip was produced from 12 hours of raw footage. It will be posted on the website. Thanks to participants,

Directors Palmer and Quigley, staff members Boni Brewer and Carol Mahoney and other members of the community who participated.

Item 14—Closed Session

The Board went into Closed Session at 8:55 p.m.

Closed Session

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

15. Open Session and Report Out of Closed Session

The following report was made out of Closed Session:

In the matter of Alameda County Flood Control & Water Conservation District, Zone 7 vs. Braddock & Logan, by unanimous vote, the Zone 7 Board of Directors authorized and approved the settlement of this eminent domain matter for \$585,000 inclusive of statutory interest and costs. The General Manager and General Counsel are authorized and directed to prepare and execute all necessary documents in connection with said settlement.

Upcoming Board Schedule

- a. Regular Board Meeting: January 21, 2009, 7:00 p.m.

There was no further business and the meeting was adjourned at approximately 9:30 p.m.