



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

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

REGULAR MEETING

December 19, 2018

The following were present:

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

DIRECTORS ABSENT: BILL STEVENS

ZONE 7 STAFF: VALERIE PRYOR, GENERAL MANAGER
OSBORN SOLITEI, TREASURER/ASSISTANT GENERAL MANAGER,
FINANCE
JARNAIL CHAHAL, ENGINEERING MANAGER
CAROL MAHONEY, INTEGRATED WATER RESOURCES MANAGER
COLTER ANDERSEN, PRODUCTION MANAGER
RHETT ALZONA, PRINCIPAL ENGINEER, FACILITIES ENGINEERING
SECTION
GURPAL DEOL, WATER QUALITY MANAGER
TERI YASUDA, ACTING ACCOUNTING MANAGER
AMANDA ROGERS, ACTING EXECUTIVE ASSISTANT

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

President Ramirez Holmes called the meeting to order at 6:31 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
- (d) Conference with Legal Counsel - Potential litigation pursuant to Gov't Code section 54956.9(d) (2): 1 case

Item 3 – Open Session and Pledge of Allegiance

President Ramirez Holmes called the meeting back into session at 7:05 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

- a. Regular Board Meeting of November 14, 2018
- b. Special Board Meeting of December 6, 2018

Director Quigley moved that the minutes of November 14, 2018, be accepted and approved, and Director Palmer seconded the motion. The minutes were approved by a voice vote of 6-0, with Director Stevens absent.

Director Quigley moved that the minutes of December 6, 2018, be accepted and approved, and Director Gambs seconded the motion. The minutes were approved by a voice vote of 6-0, with Director Stevens absent.

Item 7- Consent Calendar

- a. Annual Report on Collection and Use of Development Fees
- b. Personnel Action: Water Facilities Supervisor, Zone 7
- c. Authorization to Execute SWP Contract Extension Amendment
- d. Security Contract Six-Month Extension with Overton Security Company

Director Gambs asked to pull Item 7c for comments.

Director Palmer moved to approve Items 7a, 7b, and 7d. Director Quigley seconded the motion. The items passed with a roll call vote of 6-0, with Director Stevens absent.

Resolution No. 18-79 Accepting the Annual Report on Collection and Use of Development Fees (Item 7a)

Resolution No. 18-80 Personnel Action: Water Facilities Supervisor, Zone 7 (Item 7b)

Resolution No. 18-82 Authority to Amend Contract for Security Guard Services (Item 7d)

Item 7c – Authorization to Execute SWP Contract Extension Amendment

Director Gambs felt that the extension of the State Water Project water supply contract was a very significant action item. He asked for staff to highlight some of the provisions of this new extension.

Ms. Valerie Pryor, General Manager, gave a brief presentation on the State Water Project Contract Extension. She discussed:

- The contract extension process
- The purpose of the contract extension
- How financial compression results in higher water costs
- The capital cost projections the State Water Project will incur to repair and replace the aging system
- The general provisions of the extension

President Ramirez Holmes clarified that if Zone 7 doesn't sign the extension, we would have no water after 2035. Director Gambs thanked staff for the presentation and reiterated the need to sign the extension. Director Palmer asked for clarification regarding needing 80% participation from state water contractors and wanted to know the percentage of contractors who have already signed it. Ms. Pryor replied that 80% of Table A is needed. Metropolitan Water District and Santa Clara Valley Water District have already approved the extension and we should know by January if the rest of the contractors have approved the extension. Director Quigley thanked staff for the presentation and expressed his support for the extension, stating that the alternatives are much more expensive and years away.

President Ramirez Holmes asked for public comment. There was none.

Director Quigley moved to approve Item 7c. Director Palmer seconded the motion. The items passed with a roll call vote of 6-0, with Director Stevens absent.

Resolution No. 18-81 A resolution of the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District considering the Environmental Impact Report for the Water Supply Contract Extension; adopting findings in its limited role as a responsible agency pursuant to the California Environmental Quality Act (CEQA); alternatively finding that the extension is not a project subject to CEQA and that even if it is a project, it is exempt from CEQA pursuant to State CEQA Guidelines Sections 15061(b)(3) and 15301; and approving the Alameda County Flood Control and Water Conservation District, Zone 7's Water Supply Contract Extension with the Department of Water Resources (Item 7c)

Item 8a – Employee of the Month

Ms. Pryor announced that John Smith has been selected as the Employee of the Month for October 2018. Mr. Smith joined Zone 7 in July 2017 with over six years of operations experience. He is currently working at the Del Valle Water Treatment Plant. He is very knowledgeable. He is also calm, approachable, and has a great sense of humor. He consistently displays willingness to help and guide his colleagues and is willing to work with people until the right answer is determined. Mr. Smith is also an army veteran and has volunteered to work Zone 7's booth at the Las Positas College Veteran's Career Fair.

President Ramirez Holmes commended Mr. Smith on his volunteer work at the Las Positas College Veteran's Career Fair. Director Palmer asked if information was given out at the career fair regarding the scholarships available through ACWA. Ms. Pryor replied that a lot of information was provided and she would check if scholarship information was included. The Board congratulated and applauded Mr. Smith in absentia.

Item 9 – Award PPWTP Centrifuge Rental Services Contract

Mr. Rhett Alzona, Principal Engineer, Facilities Engineering Section, gave a brief presentation on the centrifuge rental services needed at Patterson Pass Water Treatment Plant. He explained why the centrifuge rental services are required and he recommended that the Board adopt the resolution to enter into a contract with KNE for services ending in 2022.

President Ramirez Holmes asked for questions from the Board and public comment. There were none.

Director Palmer moved to approve Item 9. Director Quigley seconded the motion. The items passed with a roll call vote of 6-0, with Director Stevens absent.

Ordinance No. 18-83 Award of Contract for Centrifuge Equipment System Rental Service for Patterson Pass Water Treatment Plant – Project 273-18 (Item 9)

Item 10 – Independent Auditor's Report and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018

Mr. Osborn Solitei, Treasurer/Assistant General Manager, Finance, gave a presentation explaining that the purpose of the audit was to ensure compliance with generally accepted accounting principles and current financial reporting requirements, ensure that the financial statements are free of material misstatements, test the records to see that they support the financial statements of the Agency, consider the adequacy of the Agency's internal controls, and present the auditor's opinion based on their review of the financial statements and accounting records. He stated that the Agency accounts for its activities using separate funds: 1) governmental funds for flood protection, DIF, and grand funds and 2) proprietary funds for water enterprise activities. He then introduced David Alvey, Vice President/Partner with Maze & Associates, the Agency's independent external auditors.

Mr. Alvey congratulated the Agency, announcing that the audit opinion for the Agency is an unmodified "clean" opinion. This is the highest level of assurance that a CPA firm can give and is a testament to the Agency's strong internal accounting control practices. Mr. Alvey drew attention to a few new developments:

- The recent implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, having to do with other post-employment benefits (OPEB). Because of this new requirement, beginning net position had to be restated and a net OPEB liability was added to the books for around \$300,000.
- The change from cash and investments being pooled with the County fund to managing around \$60 million of our own investments. This has resulted in interest income increasing from \$1.4 million last year to \$2.9 million, which are very good returns.
- The issuance of 2018 Water Revenue Bonds in the amount of \$64 million to refund the Cawelo capital payment and finance the 2018 water projects. These bond proceeds are in restricted cash and cannot be used for anything other than those projects.

Mr. Alvey also presented the Memorandum on Internal Control and Required Communications, the first part of which is categorized into three areas: 1) material weaknesses, 2) significant deficiencies, and 3) other matters. He stated that he found no material weaknesses, no significant deficiencies, and the only other matter is keeping the Agency up to date on future GASB developments. The second half of the report is about required communication. He stated that there were no difficulties encountered during the audit and no disagreements with management.

President Ramirez Holmes thanked Mr. Alvey for his services. Mr. Solitei continued his presentation, discussing the Agency's net position regarding assets and liabilities, and unrestricted and restricted funds. He recommended that the Board adopt the resolution that was unanimously approved by the Finance Committee.

President Ramirez Holmes pointed out that Zone 7's share of pension liability from ACERA had dropped by over \$5 million over the past fiscal year. She also pointed out that it was recently discovered that some post-employment medical coverage is now guaranteed but it is a very small amount. Next, she asked Mr. Alvey to confirm that our debt financing and investments follow investment policy. Mr. Alvey replied that their firm checks compliance with both the government code and Zone 7's investment policy and the more restrictive policy is the one that is applied. No problems were found in the amount invested in single issuer or percentage of the portfolio.

President Ramirez Holmes noted that the Finance Committee has asked for a credit card audit, which will take place in early 2019. Also, she assured the public that the auditor works for the Board and reports to the Board. She said that the Finance Committee serves as the audit committee for the Agency and that their current concerns have been pensions and credit cards.

Director Gambs congratulated staff on the unmodified "clean" opinion and that it shows the pride staff takes in the quality of their work. He asked if OPEB meant the same as non-vested benefits and if it was medical benefits. Mr. Solitei confirmed it was medical benefits. President Ramirez Holmes explained that because investments have performed well, the extra profit is not put back into the pension but, instead, is put into the Other Post-Employment Benefits (OPEB). So now there is a small balance in that account.

Director Gambs asked if our credit rating was affected by the outcome of the audit and if our bond financing affected how the audit was conducted. Ms. Pryor replied that there are no requirements for bond financing specifically. Instead, transparency, thoroughness, and the number of financial policies are what are important. In the past, the Agency just audited financial statements. The Comprehensive Annual Financial Report (CAFR) is not required but Mr. Solitei took the initiative and prepared one,

which is almost always required for a AA+ rating. Director Gambs commented that this shows that the way we are doing business is helping our credit rating.

President Ramirez Holmes asked for questions from the audience. There were no questions.

Director Palmer moved to adopt Item 10. Director Quigley seconded the motion. The item passed by a voice vote of 6-0, with Director Stevens absent.

Ordinance No. 18-84 Accepting the Independent Auditor’s Report and the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 (Item 10)

Item 11 – Committees

- a. Water Resources Committee Meeting – November 5, 2018, 1:00 p.m. – notes
- b. Finance Committee Meeting – December 4, 2018, 9:00 a.m. – notes

President Ramirez Holmes asked for comments from the Board. There were none.

Item12 – Reports - Directors

President Ramirez Holmes mentioned that the Water Resources Committee Meeting will be meeting on Friday. She also stated that there is a change in how the water operations plan will be presented to the Committee. In the past the plan has only come to the Board and Committee when it was finalized. Now, in order to be more transparent, the plan will come to the Committee and Board several times as it progresses through the next few months. Director Gambs thought that was a great idea and would help to clarify to the public the meaning of State water allocations.

President Ramirez Holmes stated that the clothes washer rebate program was ending because all washers are now required to be Energy Star efficient. The rebate programs have proven to be very popular and staff will be revealing what rebates will be available in late spring. Current rebates are for irrigation sprinklers and lawn replacement.

President Ramirez Holmes said she attended the swearing-in reception for the Pleasanton City Council and also Supervisor Haggerty’s open house.

Director Palmer referenced a slide handout from the Delta Conveyance Board that showed Zone 7’s contribution to the California WaterFix. She said she would continue to keep the Board updated on the developments of the California WaterFix. Director Palmer also mentioned that she attended the swearing in for the City of Livermore. At the event, Mayor Marchand mentioned that he didn’t see how lowering the bike trail of the Medeiros Parkway project was going to be useful. She suggested reaching out to Mayor Marchand to help him see the importance of the project. President Ramirez Holmes replied that she and Ms. Pryor would work on that.

President Ramirez Holmes, referencing the recent news about the California WaterFix approvals being rescinded, stated that Zone 7’s position is that this is a long-term project. Zone 7 is monitoring the project and has a seat on two different WaterFix committees. The public will get updates as things progress. Ms. Pryor added that she is serving on the Delta Conveyance Finance Authority Board and Director Palmer is serving on Delta Conveyance Design Construction Authority Board; and the last five months of minutes from those board meetings have been attached to this month’s General

Manager's Report. In the future, there will be just two set of minutes attached. This will allow people to keep up to date with the activities of those two organizations. Director Quigley expressed appreciation for the updates. President Ramirez Holmes suggested contacting Director Palmer or Ms. Pryor regarding any questions about their work on those committees.

Item 13 – Items for Future Agenda - Directors

President Ramirez Holmes asked for items for future agendas.

Director Sanwong said that because of the romaine lettuce and untreated water issues in the news recently, she would like to see an informational agenda item giving a quick overview of our untreated water and agricultural partners to make sure that we are doing everything we can to avoid a scare similar to what happened with the romaine lettuce in Southern California. Director Palmer pointed out that the Water Quality Management Program Staff Report had good information on the testing of the untreated water.

Item 14 – Staff Reports

Ms. Pryor highlighted several items from the staff reports:

- The Water Quality Management Program Staff Report has gone through numerous reviews with the retailers. There was unanimous agreement with the report and no changes were recommended.
- The Medeiros Parkway project public meeting held on December 5, 2018, was well attended and a representative from the City of Livermore was in attendance. Staff has also been sharing updates on the project with Livermore staff. We're in the comment period for the CEQA process right now, which will run through January 22, 2019. The public is encouraged to comment.
- The Los Vaqueros Reservoir Expansion Project continued funding for the next phase will be going to the Water Resources Committee on Friday and to the full Board in January. The first draft long-term financial pro forma with annual costs of up to \$1.4 million in 2022 from Contra Costa Water District is being reviewed by all partners right now. However, those are not anticipated to be the final costs.
- The report on the homeless and how the increasing activity is impacting staff's workload. Zone 7 is working with the cities and law enforcement on this issue. Staff is not allowed to go into homeless encampments alone; they must go in pairs. Removing debris from homeless camps is done in coordination with the cities and law enforcement. Brief details of the removal process were explained.

President Ramirez Holmes expressed concern for staff safety. She also felt that we are chasing the problem around the valley instead of solving it. She wants to be able to provide information about services to help the homeless. She expressed support for Director Sanwong's idea of discussing this issue at an upcoming Liaison Committee Meeting. Director Gambs mentioned a recent Rotary meeting he attended where a City of Livermore official spoke about the homeless problem. He felt that having a similar presentation to the Board would be helpful in understanding the issue. Director Palmer suggested contacting the City of Livermore and asking them to give their presentation at an upcoming Liaison Committee Meeting. Director Quigley agreed that this is an issue that should be on the agenda for the Liaison Committee Meeting. Director Sanwong mentioned the Tri-Valley Joint Homeless Action Committee and suggested that Zone 7 get involved, if we weren't already. She also said that

different cities and human services commissions meet about the subject and it might be helpful to participate in those meetings. She noted that the map of known hot spots was missing. Ms. Pryor responded that it would be distributed.

Ms. Pryor said that staff would like to have a special Board meeting on January 30, 2019, to award the Patterson Pass Treatment Plant ozone and upgrades contract. President Ramirez Holmes asked if there was a reason we're not holding the meeting on the regularly scheduled special meeting hold date. Ms. Pryor responded that they are trying to get a week's jump on the schedule; however, staff can go back and look at the regular hold date too. Director Figuers added that he will not be here during that time period. Ms. Pryor said that the Directors can be polled on their availability. President Ramirez Holmes agreed that a poll should be conducted.

Item 15 Adjournment

President Ramirez Holmes adjourned the meeting at 8:10 p.m.