

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

December 21, 2011

President Figuers called the regular meeting to order at 7:00 p.m. The following were present:

DIRECTORS: SANDS FIGUERS
JOHN GRECI
CHRISTOPHER MOORE
RICHARD QUIGLEY
BILL STEVENS

DIRECTORS ABSENT: AJ MACHAEVICH, SARAH PALMER

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE
TAMARA BAPTISTA, FINANCIAL AND SYSTEMS SERVICES
MANAGER
TOM HUGHES, ASSISTANT GENERAL MANAGER, EMPLOYEE
SERVICES
RHETT ALZONA, SENIOR ENGINEER
ELKE RANK, ASSOCIATE WATER RESOURCES PLANNER
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

President Figuers called the meeting to order at 7:00 p.m.

Item 3 - Citizens Forum - None.

Item 4 - Minutes of the Regular Meeting of November 16, 2011

On a motion by Director Greci with a second by Director Quigley, the minutes of the Regular Meeting of November 16, 2011 were approved by a voice vote of 4-0-2-1 with Directors Machaevich and Palmer absent and Director Moore abstaining.

Director Palmer arrived at 7:05 p.m.

Item 5 - Consent Calendar

The resolutions were approved by a voice vote of 6-0-1 with Director Machaevich absent.

Resolution 11-4144 Authorized the General Manager to select participants in the Voluntary Resignation Program and execute Settlement Agreements; and the Board directs the Auditor-Controller to issue severance pay to participants.
(Item 5a)

- Resolution 11-4145 Request and recommend that the Board of Supervisors approve granting an easement to Dublin San Ramon Services District for the South San Ramon Creek (Line J). (Item 5b)
- Resolution 11-4146 Authorized the General Manager to execute a four-way funding agreement among East Bay Regional Park District, Alameda County Water District, Santa Clara Valley Water District and Zone 7 to continue the Quagga and Zebra Mussel prevention program for Lake Del Valle in 2012 and 2013. (Item 5c)
- Resolution 11-4147 Authorized the General Manager to accept an easement from the City of Livermore for the Southern Conveyance Facility and have it recorded at the Office of the Recorder of Alameda County. (Item 5d)
- Resolution 11-4148 Accepted the adoption of the annual report of development fee revenues and expenditures for FY ending June 30, 2011. (Item 5e)

On a motion by Director Greci with a second by Director Quigley, the consent calendar passed by a voice vote of 6-0 with Director Machaevich absent.

Item 6 - Staffing Updates

Item 6 (a) - New Employee Introduction

Ms. Duerig reviewed the staff report with the Board and the Board welcomed Mr. Gregory Brock who was present, as a Water Plant Operator III.

Item 6 (b) - Employee of the Month Recognition

Ms. Duerig reviewed the staff report with the Board and the Board congratulated Mr. Dan Tobias, Water Plant Operator III, who was chosen as the November Employee of the Month.

Director Greci asked for the current employee count and was told 106 filled positions and 121 authorized positions. General Manager Jill Duerig added that it is part of the soft hiring freeze to save money during these poor economic times.

As a follow-up to the employee-of-the-month, Ms. Duerig reported that Zone 7 staff are all appreciated. Board members viewed a slide show which was put together by members of the holiday luncheon team and shown at the luncheon that showed various staff accomplishments and milestones that occurred during 2011.

Item 7 - Ordinance 2012-01 – Flood Protection and Storm Water Drainage Development Impact Fee

Kurt Arends, Assistant General Manager, Engineering, explained why the existing Flood Protection and Storm Water Drainage fee schedule needed to be amended. In 2009 the Board agreed to fee increases in steps through 2014, but in 2010 it was amended to stop the fee increases in 2012 and do a re-evaluation of the fees. That evaluation will be done by the end of 2012 or in 2013. Because of the economy, a new ordinance is recommended that will eliminate the last step increase (January 1, 2012) and keep the fee at the existing 2011 level which is \$1 per square foot. The original fee ordinance was to increase it to \$1.10 plus any inflationary increase in the Engineering News Record (ENR). Based on the lack of development and because the current study is being done, staff felt

that it was appropriate to recommend not changing that fee for now. It should not impact Zone 7's ability to do projects as future costs will be factored into the study.

Because it is an Ordinance, it is a public hearing process. Staff will come back in January with an item for adoption. President Figuers asked for Board comments. Director Palmer asked about the 2009 rates which were 87 cents and up to 96 cents in 2010 plus ENR which equals \$1.00. Director Moore was concerned about how it will impact Zone 7 because every financial decision the Board makes now, may result in an increase later. Staff explained that the study will be done collaboratively with stakeholders to address this.

President Figuers opened the public hearing but there were no public comments and the hearing was closed. Mr. Arends reassured the Board that public notice was given through a notice published in the newspaper and the Zone 7 Board meeting agenda.

Director Stevens said he would like to see the trend of how many new square feet are paid in fees between 2007 and 2011. Mr. Arends said he will bring that information back next month.

Item 8 - Patterson Pass Water Treatment Plant Sanitary Sewer Pipeline Project – CEQA Compliance

Ms. Duerig introduced Elke Rank, Associate Water Resources Planner, from the Integrated Planning section. Ms. Ranke talked about the CEQA compliance aspects of the Patterson Pass Water Treatment Plant Sanitary Sewer Pipeline Project. After a short description of the project, she noted that it is a line item in the current Capital Improvements Program (CIP) budget for \$780,000 but that it has not been bid so a more exact number is not available.

Zone 7 is the lead agency for the CEQA document and a mitigated negative declaration was prepared and circulated for thirty days per CEQA requirements. No public comments were received. The final document contained clarifications and a modification and improvement to a mitigation measure.

President Figuers asked Board members for comments or questions prior to the public hearing. Director Palmer said there was no indication of the cost in the item but part of the resolution is to approve the project and authorize staff to complete the final design, get permitting as necessary, and construct the project and that is asking the Board to go through the process without an indication of cost. Ms. Ranke replied that the cost is the \$780,000 that was approved in the CIP. Rhett Alzona, Senior Engineer, noted that it was also part of the Board-approved FY 2010-2011 budget and was itemized as a project.

Director Palmer asked that the cost be included in future proposals. Mr. Arends clarified that the Board will have an opportunity to approve or question the cost of the construction contract when it comes before the Board. Director Moore agreed that he had the same concern about cost that Director Palmer noted. Director Quigley asked about dual conveyance of the pipeline and Director Moore asked if any other underground work could be done at the same time? The requirements for separation of the lines was emphasized and there is no cost advantage for multiple trenchings. President Figuers asked when construction would begin and Mr. Alzona estimated the end of June.

Director Greci asked who will own the pipeline when it is finished. Mr. Alzona responded that Zone 7 will maintain the line until the City annexes the land. County issues include encroachment permits that deal with traffic.

President Figuers opened the public hearing for public comments but since there were none, the public hearing was closed.

Director Quigley moved for approval and Director Greci seconded the motion. Resolution 11-4149 was passed by a roll call vote of 6-0 with Director Machaevich absent.

Item 9 - Independent Auditor's Report and Annual Financial Statements for Fiscal Year Ending June 30, 2011

John Yue, Assistant General Manager, Finance, explained the purpose of an audit, presented the independent auditor's report, and a quick review of the financial statements. The auditor presents an opinion based on his review and the accuracy of the accounting records.

Mr. Yue introduced Tim Krisch of Maze & Associates who noted three key points: 1) the District has received an unqualified opinion once again, a clean opinion, the highest level of assurance that auditors can issue for an entity; 2) the District is in solid financial condition as of June 30, 2011; and 3) the internal controls of the District were tested and they found no material weaknesses and no significant deficiencies.

Director Palmer asked about Construction in Progress under Capital Assets (Page 32 of the Notes to the Financial Statements of June 30, 2011), concerning the Altamont Treatment Plant. Since it is not being constructed at this point, why is it included as a construction in progress? Mr. Yue responded that the easements, land rights, and related investments that have been purchased and paid for have been captured in this holding account so until the project is completed and put into operation, it will not begin to depreciate.

Director Moore moved and Director Greci seconded a motion to approve Resolution 11-4150 accepting the independent auditor's report, basic financial statements and supplementary information for the fiscal year ending June 30, 2011. The resolution was approved by a roll call vote of 6-0 with Director Machaevich absent.

Item 10 - Committees - Finance Committee, November 28, 2011 - minutes (no discussion).

Item 11 - Items for Future Agendas – Directors - None.

Item 12 - Reports - Directors

Director Quigley discussed the ACWA Fall Conference that he, President Figuers and Director Moore attended. Zone 7 won the 2011 Outstanding Outreach Participation Award in recognition for outstanding outreach participation as the top agency in ACWA's Region 5. Another highlight was listening to a speech by retired Judge Wanger.

President Figuers reported that the Groundwater Committee meeting at ACWA's conference had the largest attendance (105) on record. They are doing some interesting technical work on joining with DWR on creating the technical details of who has to report what as far as groundwater levels, groundwater constituents, and how things are defined: a key point because the person who controls the definitions, controls law.

Director Moore said it was the first ACWA conference he attended and everyone knows who Zone 7 is even if we are not the largest district in this state. There is an appreciation for the work

Zone 7 staff does at the state-wide and regional level. Director Moore acknowledged Carl Morrison for the work he does with Zone 7 and other agencies.

Director Palmer reported on the Liaison Meeting with Dublin San Ramon Services District (DSRSD) on December 12. DSRSD's recycled water program was discussed along with the BDCP and the Delta Stewardship Council report. The meeting scheduled with the City of Pleasanton for December 11 was cancelled by Pleasanton.

Item 13 - Staff Reports (Information items.)

- a. General Manager's Report
- b. Recent Public Outreach Activities
- c. Legislative Update
- d. Status Report on Separation Efforts
- e. Verbal Reports

Ms. Duerig talked about an item that came to the Board on August 18, 2010, where the Board authorized the negotiation and agreement for supplemental funding for the Delta Habitant Conservation and Conveyance Program with DWR. The general wording and material concepts were set in August 2010 and DWR has finally promised the supplemental funding agreement by the end of the week. The agreement will allow a group of state and federal contractors to complete the BDCP and to complete the environmental compliance documents that are associated with it along with supplemental engineering that is required to do the environmental compliance work. The original BDCP should have been done two years ago and the original cost was estimated to be \$140 million; this supplemental funding agreement nearly doubles the cost and schedule, taking it from \$140 million to \$240 million. In association with the extra funds, there is a Memorandum of Agreement (MOA) that the funding partners felt they needed to make sure that there is more adherence to scheduling and budgets in the future. The final MOA was executed this week by the State and Federal Contractors, the State Water Contractors, the Kern County Water Agency and others; Zone 7 will be participating through the State Water Contractors.

The Board went into closed session at 8:00 p.m.

Item 15 - CLOSED SESSION

- a) Conference with Labor Negotiators:
Agency Negotiator: G.F. Duerig
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.

Item 16 - Open Session and Report Out of Closed Session

President Figuers said there was nothing to report when the Board came out of closed session at 8:45 p.m.

The meeting was adjourned at 8:46 p.m.