



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

REGULAR MEETING

March 21, 2018

The following were present:

DIRECTORS: SANDS FIGUERS
 ANGELA RAMIREZ HOLMES
 SARAH PALMER
 RICHARD QUIGLEY
 BILL STEVENS

DIRECTORS ABSENT: JOHN GRECI
 JIM McGRIL

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
 OSBORN SOLITEI, ASSISTANT GENERAL MANAGER,
 FINANCE/TREASURER
 NZINGA ARRINGTON, ACTING EXECUTIVE ASSISTANT

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

Director Palmer called the meeting to order at 6:15 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: 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
- (b) Conference with Legal Counsel - Existing litigation pursuant to Government Code §54956.9(d)(1): 2 cases
- (1) Zone 7 v. Bhupinder Singh, et al., Alameda County case no. RG17862001 and related cross action
 (2) 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 - Significant exposure to litigation pursuant to Gov't Code section 54956.9(d) (2):

3 cases

(d) Conference with Legal Counsel - Potential litigation pursuant to Gov't Code section 54956.9(d) (4): 2 cases

Item 3 – Open Session and Pledge of Allegiance

Director Palmer called the meeting back into open session at 7:00 p.m. and led the Salute to the Flag.

Item 4 - Report Out of Closed Session

Director Palmer reported that the Board met in Closed Session on the items on the agenda and no reportable actions were taken.

Item 5 – Citizens Forum

There were no public comments.

Item 6 – Minutes of the Regular Board Meeting of February 21, 2018; Minutes of the Special Board Meetings of March 7, 8, and March 12 2018

Director Palmer moved to approve the minutes of February 21, 2018 and Director Ramirez Holmes seconded the motion. The minutes were approved by a voice vote of 5-0, with Directors Greci and McGrail absent.

Director Stevens moved to approve the minutes of March 7, 2018 and Director Quigley seconded the motion. The minutes were approved by a voice vote of 4-0, with one abstention by Director Ramirez Holmes as she was not in attendance, and Directors Greci and McGrail absent.

Director Stevens moved to approve the minutes of March 8, 2018 and Director Quigley seconded the motion. The minutes were approved by a voice vote of 5-0 with Directors Greci and McGrail absent.

Item 7 - Consent Calendar

- a. Rescission of Resolution No. 01-2340
- b. Reallocate Funds and Amend Contract for Emergency Work with Fanfa, Inc.
- c. Adopt Zone 7’s 2018 Hazard Mitigation Plan
- d. Employment Contract – New General Manager

Director Palmer asked to pull Item 7(d) for comments.

Director Stevens moved to approve Items 7(a), (b) and (c) and Director Quigley seconded the motion. The items passed by a voice vote of 5-0, with Directors Greci and McGrail absent.

Resolution No. 18-18 Rescinding Resolution No. 01-2340 (Item 7a)

Resolution No. 18-19 Reallocate Funds and Amend Contract for Emergency Work with Fanfa, Inc. (Item 7b)

Resolution No. 18-20 Adopt Zone 7’s 2018 Hazard Mitigation Plan (Item 7c)

Item 7d. Employment Contract – New General Manager

Dennis Gambs, member of the public, thanked the Board for including the GM contract in the agenda so that the public could view it and for pulling Item 7d for discussion. He stated that representatives to the State Water Contractors he has spoken to have a high opinion of Valerie Pryor and he welcomes the opportunity to work with her. Mr. Gambs stated that he did not agree with the termination clause in the employment contract regarding the six-sevenths vote to make a termination decision. He would like it added to the resolution that the Board will review the clause in six months. Mr. Gambs stated that it should be a simple majority vote.

David Aladjem asked the Board if he could provide an explanation as to why he wrote the clause allowing for only one dissent. Mr. Aladjem stated that on five member boards, four votes is a super majority. Zone 7 has seven board members therefore, a similar vote would be six votes.

Director Palmer stated that the removal of a General Manager is a serious decision that needs a super majority vote, six to one. Director Ramirez Holmes stated that a vote of five could be proposed. There is also an annual evaluation of the General Manager and things could be changed then, such as adjusting the benefits. Mr. Aladjem stated that the Board could discuss the contract annually with Ms. Pryor. The terms of the contract would need to be re-negotiated by both parties. Either party at any time could propose an amendment. Ms. Duerig responded that the six out of seven vote termination clause has been in her contract since she accepted the General Manager position in 2007 and that she would not have accepted the position had her contract term been a five out of seven vote, for termination.

Director Figuers stated that negotiations have been completed and it would look bad to change it now. He asked Mr. Aladjem how often water district general managers are terminated. Mr. Aladjem responded that most water district general managers retire after serving five to ten years. Director Quigley stated that he was surprised to see the six out of seven votes clause in the contract and the difference between five and six is not trivial. Director Quigley concurred that he would like to see this clause revisited in six months to a year.

Director Ramirez Holmes removed her objection and moved to approve Item 7d and Director Quigley seconded the motion. The item passed by a vote of 5-0 with Directors Greci and McGrail absent. Director Ramirez Holmes stated that she would also like the public to meet Ms. Pryor as soon as possible.

Resolution No. 18-21 Employment Contract – New General Manager (Item 7d)

Item 8a – Employee of the Month

Ms. Duerig introduced Josh Ruggiero, Water Resources Technician, in the Flood Control section who was present at the meeting. Josh joined Zone 7 through the TAP program and was appointed to the Water Resources Technician position in August 2017. He is not only a field guy but the GIS specialist as well. Mr. Ruggiero is the only person at Zone 7 who has a Land Surveyor In-Training Certificate.

Item 8b – Congratulations to Retiree

Ms. Duerig announced the retirement of Frank Torrian, Transportation & Supply Coordinator. Mr. Torrian retired from Zone 7 in February 2018. A resolution applauding his various accomplishments while with the agency is recommended for approval.

Director Quigley moved to approve Item 8b and Director Ramirez Holmes seconded the motion. The item was passed by a vote of 5-0 with Directors Greci and McGrail absent.

Resolution No. 18-22 Congratulations to Retiree (Item 8b)

Item 9 – Status Update and Design Contract Amendment for the PPWTP Upgrades and Ozonation Project

Mona Olmsted, Associate Engineer in the Facilities Engineering Section, provided an update and explained the design contract amendment. The project will improve water quality, replace the Ultrafiltration plant with three new media filters and add a five million gallon Clearwell that will provide more storage. The projects are in the CIP. The project is currently in the design phase. The project estimated cost is about \$80 million, subject to bid outcome. Originally, three filters were going to be replaced and three would be upgraded then replaced later. After further analysis, the current recommendation is to construct all six new identical filters now, which will create a longer life for the equipment and be better to sustain a seismic event. Additional elements are \$100,000 more than authorized in the design contract. The project will go out for bid in September, bid opening in November and staff anticipates returning to the Board in December to request award for the construction phase contract.

Director Figuers asked if just three filters were upgraded would that also include increasing capacity or would they have to run them more often. Ms. Olmsted stated that three filters were being added to have six filters in all, regardless of the approach. Director Stevens stated that he was glad the filters were being replaced as he has a client with an ozone system and problems with filters due to Zebra Mussels. He hopes that is put in consideration with the new filters. Director Ramirez Holmes stated that it seems like filters are always being replaced. If it is the same cost to upgrade the current ones as replacing them it seems like an easy decision. Director Quigley asked about funding and Ms. Duerig replied that it is all in the CIP.

A member of the public, Vin Pohray of Pleasanton, commented that the original estimation of cost wasn't clear in the presentation and inquired as to the cost differential. Ms. Duerig stated that \$200,000 is additional design cost and it is unrelated to filter construction costs. The amount is speculative until bids are received. Ms. Olmsted stated that all additional piping to connect existing filters to waste basin, to wash the recovery ponds, the chlorine contact basin and additional piping could be about \$500,000 with additional soft cost of \$1 million to \$2 million in savings for the decreased construction duration. To re-use and coat the existing filters would be about \$300,000. In comparison, six new filters could provide potential savings.

Director Stevens moved to approve Item 9 and Director Quigley seconded the motion. The item was passed with a vote of 5-0 with Directors Greci and McGrail absent.

Resolution No. 18-23 Design Contract Amendment for the PPWTP Upgrades and Ozonation Project (Item 9)

Item 10 – Solar Energy Project at North Canyons Office

Carol Mahoney, Integrated Water Resources Manager, explained that after the building was purchased, staff looked at ways to upgrade and modify the building. One of the things examined was energy savings. Staff determined that there was the ability to install solar panels and upgrade the lighting to make it more efficient. An RFP was issued to about twenty different solar companies and two responded. 540 solar panels could power the building and also allow for electric vehicle charging stations. The roof is more cost efficient to place the panels as it is an existing structure but it limits the ability to maintain the roof, itself. Another option is a parking lot facility which is being used by many government buildings. An approximate cost of \$680,000 would include operations and maintenance. A maintenance agreement of \$6,000 per year is also needed. The cost savings would be about \$1.2 million if the panels are purchased outright and paid back within ten years. The EV chargers would be about \$7500 each, two would be needed as they come in doubles. The total cost with a 30% contingency, having the contractors inspect the roof and looking at the lights to see if they are ideal, would come to a total of \$950,000 out of four funds: the building sinking fund, flood control, DIF, 130 expansion, and 120; Funds 100 & 200 would fund operations and maintenance. This project would have a contract amount \$950,000 with REC. Director Ramirez Holmes asked about the longevity of the panels. Ms. Mahoney responded that she did not know the particulars on these but she is aware of other panels that have about a fifty year life. Director Ramirez Holmes questioned the need for electric vehicle chargers, and how did we come up with the cost. Ms. Mahoney stated that the cost was an estimate. Director Ramirez Holmes asked what the current energy cost was for the building. Osborn replied that it was approximately \$10,000 month just for North Canyons.

Director Stevens asked would this help us during rolling brown outs and opined that with the new building code, placing the structure on the roof is not a good idea. He suggested installing up to ten more charging stations with expansion in mind as more people purchase electronic vehicles. Director Palmer stated that the solar energy would not protect us from rolling brown outs. Ms. Mahoney stated that we have an emergency generator. Vin Pohray, a member of the public, questioned whether putting the panels on the roof was alleviating the highest charge. Director Ramirez Holmes stated that it would cover the electricity for the entire building. Mr. Pohray also asked if it is a good return on investment getting more solar than needed. Ms. Duerig stated that a consultant was involved with the estimations. Mr. Pohray also asked how saving \$1.2 million in twenty years, how is the pay back in ten years. Ms. Mahoney responded that there is a 30% cost contingency. Mr. Pohray also stated that it was appreciated that we are putting in electric vehicle stations and asked whether the charging would be free to use. Director Ramirez Holmes stated that she assumed there would be a fee and Ms. Mahoney confirmed.

Director Stevens moved to approve Item 10 and Director Quigley seconded the motion. The item passed with a vote of 5-0 with Directors Greci and McGrail absent.

Resolution No. 18-24 Solar Energy Project at North Canyons Office (Item 10)

Item 11 – Livermore Valley Water Financing Authority Revenue Bonds 2018 Series A Sale

Mr. Osborn Solitei presented a timeline of the Bond sales. A preliminary official statement will be posted online for investors once approved by the Board. During March 22 – 27, the bonds will be marketed to the investors by the underwriters. On March 28, 2018 pricing of the bonds will occur. If

successful, the bonds will close on April 11, 2018. Garth Salisbury, Principal from Sperry Capital, explained the Bond sales process. Money would go towards the Cawelo prepayment and the Ozone project. The Revenue Bonds will bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2019 for thirty years (2019-2048). The bonds will be sold with fixed interest rates. The bonds can be redeemed after ten years. Interest rates have been low though they are starting to move up. Zone 7's received AA+ credit rating from Standard & Poor's and AA from Fitch Rating.

For the Cawelo refunding and cash flow savings, Wells Fargo recommended pre-paying and saving the interest cost and this suggestion was followed.

Director Ramirez Holmes stated that \$75 million seems higher than what was discussed about the ozone project. Mr. Solitei replied that \$57 million is new money for ozone construction, \$38 million of that amount is for the Del Valle Water Treatment Plant Ozone Project and \$19 million is for Patterson Pass Water Treatment Plant. The other \$16 million is for Cawelo refunding and a small amount for the cost of issuance. The not-to-exceed amount is due to interest rates; it's not going to go to \$75 million but it's expected to go to \$71 million. Director Ramirez Holmes asked if the Installment Agreement amount was blank because we do not have the interest rate yet. Mr. Solitei replied in the affirmative, stating that the closing will be on April 11, 2018 and the amount will be known after final bond pricing. The interest rate is the driver and it changes daily. Director Stevens asked why Wells Fargo recommended the agency to finance Cawelo - wouldn't Wells Fargo lose money? Mr. Solitei stated that they are just the underwriter not the bond owner. Mr. Salisbury stated that there had been a Zone 7 RFP for underwriters; Zone 7 received responses from seven underwriters and interviewed four. Wells Fargo Bank had the lowest cost at \$1.20 per bond, which is an extremely low cost. The market is currently \$3 per bond.

Director Quigley moved to approve Item 11 and Director Stevens seconded the motion. The item passed with a vote of 4-0 with Directors Figuers, Greci and McGrail absent.

Resolution No. 18-25 Livermore Valley Water Financing Authority Revenue Bonds
2018 Series A Sale (Item 11)

Item 12 – Appropriation and allocation of the Livermore Valley Water Financing Authority Revenue Bonds 2018 Series A and establishing an Initial Rate Stabilization Fund

This item is to authorize the appropriation of the issued bonds. This item was taken to the Finance Committee in December/January. An initial rate stabilization reserve of \$8.6 million is requested. \$2.3 million will come from Fund 130 and the remainder from Fund 120. Director Ramirez Holmes asked was the purpose of the reserve being changed. Mr. Solitei replied no, it will still provide rate stabilization but will have a minimum of \$8.6 million, for the term of the bonds.

Director Stevens moved to approve Item 12 and Director Quigley seconded the motion. The item passed with a vote of 5-0 with Directors Greci and McGrail absent.

Resolution No. 18-26 Appropriation and allocation of the Livermore Valley Water
Financing Authority Revenue Bonds 2018 Series A and establishing
an Initial Rate Stabilization Fund (Item 12)

Items 13 – Declaration of Official Intent to Reimburse Expenditures from Proceeds of Indebtedness from the Livermore Valley Water Financing Authority Revenue Bond 2018 Series A for the 2018 Water Project

Mr. Solitei explained that these are non-taxable bonds and as they are issued there is a cost involved. To be able to reimburse the agency for the costs, there has to be a Resolution that has been approved by the Board before the bonds are sold to have the money reimbursed to the agency.

Director Quigley moved to approve Item 13 and Director Stevens seconded the motion. The item was passed with a vote of 5-0 with Directors Greci and McGrail absent.

Resolution No. 18-27 Declaration of Official Intent to Reimburse Expenditures From Proceeds of Indebtedness (Item 13)

Item 14 – Temporary Adjournment/Continuance of Zone 7 Water Agency Meeting

Director Palmer temporarily adjourned the meeting at 8:37 p.m.

Items 15 – 19

[See “Minutes of the Board of Directors, Livermore Valley Water Financing Authority, Regular Meeting, March 21, 2018”]

Item 20 – Call Zone 7 Water Agency Meeting to Order

Director Palmer called the meeting of the Zone 7 Water Agency back into session at 8:43 p.m.

Item 21 – Committees: Liaison Committee Meeting – March 1, 2018 – notes pending

Item 22 - Reports – Directors

- a. Verbal comments by President
- b. Written report by Director Quigley
- c. Verbal reports

Director Palmer thanked Director Quigley for his written report.

Director Quigley added that on Saturday, March 17, 2018, the annual Alameda County Science Fair was held and some of the judges were Zone 7 staff. Some of the water projects presented were stellar. He hopes that we bring some of the winners to a Board Meeting to recognize them.

Director Palmer reported that she attended a strategic planning meeting for ACWA. Tim Quinn from ACWA formally announced his retirement at the meeting, saying he plans to leave at the end of the calendar year.

Director Ramirez Holmes reported that she attended a ribbon cutting ceremony she was invited to by Supervisor Nate Miley, for the safe disposal bin at the City of Dublin Police Department. In addition to the same waste bins in Pleasanton, these bins can be used to dispose of prescription medicine no longer needed. This is good for our environment and the opioid crisis and abuse of prescription drugs.

Item 23 - Items for Future Agenda – Directors

Director Palmer recommended that staff bring a resolution to commend the service of General Manager, Jill Duerig.

Item 21 - Staff Reports (Information items. No action will be taken.)

- a. General Manager's Report
- b. Legislative Update
- c. Outreach Activities
- d. Water Inventory and Water Budget Update
- e. Updates on Water Supply Projects
- f. Verbal reports

Ms. Duerig stated that there is a tentative ground breaking event on Wednesday, May 2, 2018 at 4:00 p.m., for the DVWTP ozonation project, and this will be a great opportunity for the public to meet Ms. Pryor.

Director Ramirez Holmes inquired about the River Gardens Farm project. Per the October 18, 2017 Minutes, Directors Figuers and Ramirez Holmes requested that before the budget process to see all options before proceeding with purchase. Director Figuers stated that there are 5000 acre feet at River Garden Farms, we have over 100,000 acre feet in storage in Kern County and asked what is the comparable cost of pulling water out of there. Ms. Duerig responded that the comparatives aren't really the ones cited. This is a demonstration project to see whether spot water is available North of the Delta. Spot water is a part of the agency's water supply evaluation. River Garden Farms has expressed making water available possibly for a long term contract. In the future it could be used instead of a desalination plant or a potable reuse project. To know whether this is feasible, it is necessary to see if spot water North of the Delta is even an option for Zone 7. River Gardens doesn't want to go under 5,000 acre feet this year. In the last few years, the agency has been having increasing difficulty transferring water from Byron Bethany Irrigation District, which makes 2000 – 5000 acre feet of surplus water available annually. If River Gardens isn't an option it will show us that we really need to diversify in other directions.

Director Palmer asked if this is a feasibility study. Ms. Duerig confirmed that this project is to demonstrate feasibility. Director Figuers stated that he was still confused as we have 100,000 acre feet of water that we have never used and during drought we can't even use it so why do we have it. Ms. Duerig responded that we used the maximum amount we were allowed, which occurred in 2014 when we got only 5% from the State Water Project. We also relied on our groundwater basin. Director Figuers asked how much can we pull out of Kern County in a year. Ms. Duerig stated that out of Semi-tropic 9100 acre feet and out of Cawelo 10,000 acre feet if the exchange capacity is there. In 2014 almost everyone was pulling out. Director Quigley stated that we have to look for any water we can get from north of the Delta.

Director Palmer stated that SB 623 is putting on a water tax, this would make water agencies tax collectors and stated that the public should be aware of this bill that is currently moving forward in the

Senate. Water is a right because it's a public health issue. Director Quigley stated that ACWA is strongly against the water tax and so is he.

Item 25 - Adjournment

The meeting was adjourned at 8:54 p.m.