

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

REGULAR MEETING  
August 20, 2008

President Palmer called the regular meeting to order at 7:00 p.m., with a salute to the flag. The following were present:

DIRECTORS: JOHN GRECI  
SANDY FIGUERS  
STEPHEN KALTHOFF  
DALE MYERS  
SARAH PALMER  
DICK QUIGLEY

DIRECTORS ABSENT: BILL STEVENS

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER  
AMY NAAMANI, GENERAL COUNSEL  
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING  
VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS  
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE & BUSINESS SERVICES  
KARLA NEMETH, ENVIRONMENTAL & PUBLIC AFFAIRS MANAGER  
ATHENA WATSON, ASSOCIATE ENGINEER, WATER SUPPLY ENGINEERING  
CHERYL DIZON, ASSISTANT ENGINEER, GROUNDWATER SECTION  
BARBARA MORSE, BOARD SECRETARY

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**Item 3—Citizens Forum**—No public comments at this time.

**Item 4—Minutes of Regular Meeting of July 16, 2008**

On a motion by Director Kalthoff with second by Director Greci, the Board approved the minutes of the regular meeting of 2008.

**Item 5 —Consent Calendar**

Items pulled from the consent calendar for discussion: Items 5a and 5b.

Director Greci moved for the approval of the consent calendar, Items 5c through 5f. The motion was seconded by Director Quigley, and the following resolutions were approved by a vote of 6-0.

Resolution No. 09-3210 Approving a Lease Agreement for Installation and Maintenance of SCADA Communication Equipment at Doolan Tower in Livermore. (Item 5c)

Resolution No. 09-3211 Approving contract with Miller Pacific Engineering Group for Geotechnical Investigation and Assessment at Cope Lake in an amount not-to-exceed \$55,225. (Item 5d)

Resolution No. 09-3212 Approving CY 2008-2010 Municipal Water Quality Investigations (MWQI) Agreement with the Department of Water Resources and the Specific Project Agreement for the same period with the State Water Project Contractors Authority to facilitate the implementation, repayment and funding of the MWQI Program. Zone 7's proportional share of funding both portions of the MWQI program will be approximately \$87,358 each year for three years. (Item 5e)

Resolution No. 09-3213 Approving one position of Assistant Water Resources Planner for the Water Quality Engineering Section. (Item 5f)

**Item 5a—Request for Authorization to Nominate Director Quigley as ACWA Region 5 Board Member**

Director Kalthoff pointed out what he believed was a misleading statement. In the summary paragraph, it states that ACWA's Region 5 covers a relatively small area from Contra Costa to Santa Barbara Counties. He felt that is somewhat misleading because, in fact, it is a fairly large area. He had no objections to approving this item but he did feel that statement should be clarified.

In response to a question from President Palmer, Director Quigley stated that he did not think there is any reimbursement for this position.

Director Figuers remarked that ACWA is a good organization and it is important that Directors be involved in it.

Director Kalthoff moved for the adoption of Resolution No. 09-3214 approving recommending Director Quigley for membership on the ACWA Region 5 Board of Directors and approving actual and necessary expenses associated with his membership. The motion was seconded by Director Figuers and passed by a vote of 6-0.

**Item 5b—Request by Director Quigley for Authorization to Attend Upcoming California Special District Association Annual (CSDA) Conference, September 22-25, 2008, Irvine, California**

Director Kalthoff asked what do we get for \$2,500.

Director Quigley stated that he has attended previous CSDA conferences and classes and found them to be excellent educational opportunities. He added that he is taking the appropriate training modules to become a certified board member. It's a program to learn how to be a better board member with a focus on special districts. Class modules include strategic planning, governance, finance and human resources. He has found that the CSDA conferences offer opportunities to interact with peers both at local events and on a statewide at the state-wide conferences. He felt that CSDA is a worthy organization and provides valuable training and workshop.

President Palmer noted that she has attended two CSDA events in the past and found them to be valuable.

Director Greci stated he had no objection to board members attending if there is something to gain, and if what has been learned is shared with the other directors.

Director Palmer suggested that any handouts received could be copied and provided to all directors.

Director Quigley stated that a strategic training module was held at the Parkside building about two years ago and four board members attended.

In response to a question on whether staff would be attending the CSDA conference, Ms. Duerig responded, no. Staff has focused on ACWA and AWWA because they relate specifically to water issues. CSDA is less relevant to staff.

Mr. Myers added that the talk about how to fix the Delta will occur in all forums state-wide. There is value just being there.

Director Quigley advised that the local chapter of CSDA will be holding their first meeting of the fall season at Zone 7's North Canyon office. This breakfast meeting will be held from 8 a.m. to 10 a.m. on September 10, 2008, and he urged all Directors to attend.

There were no further comments.

Director Figuers moved for adoption of Resolution 09-3214 approving Director Quigley's attendance at the CSDA Fall Conference from September 22 – 25, 2008, in Irvine, California. The motion was seconded by President Palmer and passed by a vote of 5-1-0. Director Kalthoff voted no.

**Item 6—Staffing Update:** None this month

**Item 7—Award of Construction Contract to Conco West, Inc., for the Chain of Lakes Wells No. 1 & 2—Facilities and Sitework Project, Project No. 180-08**

The Board heard a presentation by Ms. Athena Watson on the Chain of Lakes Wells No. 1 & 2—Facilities and Sitework Project.

- The project before the Board tonight is part of the Well Master Plan (WMP) adopted by the Board in 2003 with the associated Master EIR certified in 2005.
- Exploratory & monitoring wells were installed in 2006 and 2007.
- Two production wells were constructed in fall and winter 2007/2008.
  - 8 mgd combined total capacity
- El Charro Pipeline, Phase 1 contract awarded in June 2008.
- Project before the Board tonight is for facilities and sitework for the two production wells previously mentioned.

Project Description

- The Chain of Lakes Wells No. 1 & 2 – Facilities and Sitework Project includes the construction of two well facilities and associated pipelines and appurtenances.
  - Well Site No. 1 includes construction of a new 5,685 square foot concrete masonry unit (CMU) building, installation of a 400 horsepower (hp) vertical turbine well pump and motor, chloramination facilities to serve both wells, paving, grading, fencing, and installation of a stormwater collection system.

- Well Site No. 2 includes construction of a new 1,319 square foot CMU building, installation of a 600 hp vertical turbine well pump, piping, paving, grading, fencing, and installation of a stormwater collection system.
- Additional work includes approximately 2,240 feet of 14-inch diameter water pipeline between Site No. 1 and Site No. 2, about 850 feet of 24-inch diameter water pipeline, about 750 feet of 30-inch diameter water pipeline, and a SCADA system to connect the new wells to the treatment plants.
- The Engineer's Estimate for this work is \$7,200,000.
- Estimated completion date: Summer 2009

Advertising and Bidding:

- The Project was first advertised for bid in June with bid opening July 8, 2008. The Board rejected all bids and the Project was re-advertised in July.
- Five bids were received and opened on August 5, 2008.
- The lowest responsive and responsible bidder is Conco West, Inc., at \$7,367,655.

Recommendation:

Adopt resolution to:

- Approve plans, specifications, appendices and addenda;
- Accept and award a contract to Conco West, Inc., as the lowest responsive and responsible bidder for the bid amount of \$7,367,655;
- Authorize the General Manager to prepare the contract and bond forms for review and approval by the General Counsel;
- Authorize the General Manager to execute the Contract with Conco West, Inc.; and
- Authorize the General Manager to issue change orders as and when required by the contract for an amount not-to-exceed \$736,766 (10% of contract amount).

Questions:

Mr. Randy Werner, City of Livermore, asked how this bid compares with the earlier rejected bid.

Ms. Watson responded that this one is slightly higher.

Ms. Duerig added that both the low and second low bid this time were lower than the second low bid the last time.

In response to a question from Director Quigley, Ms. Watson stated that it is expected that this project will be on line next summer.

There were no further questions.

Director Figuers moved for the adoption of Resolution No. 09-3216 approving award of the construction contract for Chain of Lakes Wells No. 1 & 2 – Facilities and Sitework Project to Conco West, Inc., for the amount of \$7,367,655. The motion was seconded by Director Quigley and passed by a vote of 6-0.

**Item 8—Award of Construction Contract to Cascade Drilling, Inc., for New Monitoring Key Wells—Bernal and Livermore Project, Project No. 190-08**

The Board heard a presentation from Ms. Cheryl Dizon, Assistant Engineer, Groundwater Section, on the monitoring key well project.

- New Monitoring Key Wells – Bernal and Livermore Project includes exploratory well drilling of two borings to 600 and 400 feet below ground surface and construction of two 2-inch PVC dual nested wells in each boring.
- This work is needed to improve the monitoring of the Valley’s groundwater supplies, especially in the deep-zone aquifers.
- Additional work includes converting an existing well from a flush mount completion to an above ground completion with a lockable steel cover and protective bollards.
- The Engineer’s Estimate for this work is \$215,000.
- In accordance with established procedures, Zone 7 advertised and solicited bids for the Project, and on August 11, 2008 bids were received from two bidders.
- The lowest responsive and responsible bidder is Cascade Drilling, Inc. at \$227,380.

Recommendation:

Adopt resolution to:

- Authorize the project; Construction of the New Monitoring Key Wells – Bernal and Livermore Project, Project No. 190-08;
- Approve plans, specifications, appendices and addenda;
- Accept and award a contract to Cascade Drilling, Inc. as the lowest responsive and responsible bidder for the bid amount of \$227,380;
- Authorize the General Manager to prepare the contract and bond forms for review and approval by the General Counsel;
- Authorize the General Manager to execute the Contract with Cascade Drilling, Inc.; and
- Authorize the General Manager to issue change orders as and when required by the contract for an amount not-to-exceed \$22,738 (10% of contract amount).

Questions:

In response to a question from Director Kalthoff, Ms. Dizon responded that Cascade Drilling is not associated with Mountain Cascade Construction Company.

Director Figuers asked what is known about the field geology in that area. Also, will e-logging be utilized?

Ms. Dizon stated that during the project there will be an on-site geologist calling samples at 5 to 10 foot intervals to determine soil classification. Yes, this well will be e-logged.

There were no further questions.

Director Greci moved for the adoption of Resolution No. 09-3217 awarding the construction contract for Construction of the New Monitoring Key Wells – Bernal and Livermore Project, Project No. 190-08, to Cascade Drilling, Inc., for the amount of \$227,380. The motion was seconded by Director Quigley and passed by a vote of 6-0.

### **Item 9—Recent Delta Activities**

The Board heard a summary from Ms. Nemeth on recent presentations to the Bay Delta Conservation Plan Steering Committee. Ms. Nemeth is the Zone 7 representative on that group which guides the BDCP process and receives regular updates on Delta issues.

**Public Policy Institute of California’s (PPIC), “Comparing Futures for the Sacramento-San Joaquin Delta”**—This report is a think tank look at political issues related to the Delta.

- Conclusions and recommendations of PPIC report for a Delta fix:
  - Delta will become more saline with more open water, regardless of water export strategy.
  - Peripheral Canal seems best for “co-equal” ecosystem and water supply goals. No exports would be best for the fish alone.
  - Changes harm water users but likely better for fish, especially with export pumping removed.
  - Move away from Delta levees to protect water supply.
  - Export users pay for facilities.
  - Export water users and upstream diverters contribute funds for/water for ecosystem.
    - Water quality improvement from a canal.
  - Expand diversions with fish conditions improved.
  - Do not arbitrarily limit canal size
    - Better environmental operations
    - Use governance and ownership safeguards.
  - Habitat conservation plan should prepare for:
    - Climate change
    - Rising sea levels
    - Permanent levee failures
    - New invasive species
  - Ecosystem management should favor diverse habitat and flow for multiple species (not just smelt and salmon).
  - Experimentation and detailed modeling needed.
    - Include flooding at least one island.

**Bay Delta Conservation Plan**—Touches on many of the same issues. Essentially a long-term permitting process for state and federal water project improvements.

- Habitat Conservation Plan considering co-equal goals of Delta ecology and water supply reliability. Three basic functions:
  - Water Conveyance
  - Habitat Restoration

- Other Stressors
  - Urban and agricultural runoff
  - Treated wastewater discharge
  - Other diversions
  - Invasive species
  - Climate change/rising sea level
  
- Dual Conveyance has been identified as the most promising alternative with which to run detailed models about how a system might operate.
  
- The canal portion of this would go around the eastern side of the Delta (with a diversion point at Hood or Clarksburg) and then come back in around Clifton Court Forebay. It includes water supply facilities that can continue to move water through the Delta when advantageous to different species. One of the benefits of this option is its ability to address fluctuating salinity levels in the Delta.
  - Through-Delta modifications with east-of-Delta conveyance and habitat enhancements.
  - Delta species and water reliability.
  - Most promising long term approach for further evaluation.
  
- Next steps
  - More evaluation on how a dual conveyance facility would operate.
  - More detailed modeling will take place later this fall with a draft conservation strategy later this year. The draft conservation strategy will include modeling of conveyance and approaches to habitat restoration and approaches to managing other stressors and how they are sequenced through time to meet recovery needs of species. All of this needs to meet recovery standards which are set out by federal and state law.
  - The PPIC report was helpful and informative to our process. We're not there with the modeling that can support it in enough detail for the plan but that's what's coming in the very near future.

Ms. Nemeth then answered questions about the presentation.

**Amount of water that will pass through a dual conveyance:** Under any scenario the water will go through the Delta for purposes of fish recovery and restoration. It does not mean twice the amount of water; it means that there are two different systems that will allow the volume of water to be varied depending on the needs of the various species, i.e., fish.

**Natural stresses on the species**—The modeling will take natural stresses into account, and there is a lot that we don't know about fish needs in terms of salinity, turbidity, and temperature, especially when we look at the variety of species. One of the key approaches was to create a system that could be flexible and managed. That really goes to the heart of some of the governance recommendations by the PPIC report that the adaptive management plan has to have a governance structure that will respond to the science that will be developed in real time and how to operate the system.

**Impact of salinity on agriculture**--In-Delta agricultural users need to be involved not only from a salinity perspective but also from a habitat restoration and changing land use perspective. There is wide agreement around the BDCP Steering Committee table that whatever we come up with is going

to have to meet the water quality needs of in-Delta agriculture and M&I users--and there is a commitment to doing that. In addition to the Habitat Conservation Plan itself, the Department of Water Resources is working on the environmental review process of the impacts of the conservation plan on these kinds of communities. And that's where that impact will be more directly assessed and residents of the Delta will have the opportunity to comment. That process started with scoping meetings this spring. It is expected that the Draft Environmental Impact Report will be completed in mid-2009.

To add to Ms. Nemeth's comments, Director Myers described a meeting in Walnut Grove which he attended the previous evening. DWR hosted the event for property owners, and DWR Director Lester Snow laid out the general route of an east and west side peripheral canal. What DWR is engaged in right now is a process of talking to property owners—essentially, following the same process that we are doing with the Altamont Treatment Plant and Pipeline, which is getting access to property to take a look at what might work and what might not so that they can bring the proposed rights-of-way down to a small enough area that they can begin to identify some of the details. The message Director Snow presented was essentially the same message contained in Ms. Nemeth's first slide.

- We're looking at a different Delta in 100 years and what that Delta is going to be and how we get there is what we're talking about.
- For Zone 7, it is important to remember that this will be a long process, and that our development of contingency plans to operate and how those contingency plans impact our finances will be critical to us. This should be a priority for us to look at.
- The property owners are more than upset about what might happen to the Delta lifestyle. Director Snow and his staff emphasized that at this stage:
  - 1) They are trying to put as much on public property as possible. They believe that ultimately only 20% to 30% of the whole project might end up on private property.
  - 2) DWR is taking the approach that they want to have one-on-one discussions with the property owners to make certain that they understand what their concerns and issues are going to be just for getting on and studying the property. Concerns were expressed, for example, about finding an endangered species and the fear that a government agency would step in and try to dictate how to farm. This is an issue that we confronted locally on the Altamont. One gentleman was concerned that the survey went right through his house. In another example, we learned that the preferred site for the Altamont Treatment Plant took out a ranch house on Dyer Road. We had a discussion with the property owners, the Walker Ranch, and identified an alternative site that would be more amenable to the property owner. That is the approach that DWR is trying to take.
  - 3) Even though we've been at this process for two and a half years, and the studies have been on-going, we have not moved very far down the road on what the solution will be. A lot of the questions that people have been asking, cannot be answered until we move further down the road. We are early in the process in engaging the in-Delta interests but we are not far enough along where we can answer their questions yet.

Ms. Nemeth added that over the next several months we will start to have information on modeling of the dual conveyance facility, including a 15,000 cfs peripheral canal which is smaller than the one contemplated in 1982 (22,000 cfs) but large enough to give us the desired water supply and environmental benefits. At that point we'll have some very interesting but potentially controversial information related to:

1. Volume of water that can be moved through the system;
2. Volume of water that is necessary for the recovery of fish species; and
3. Volume of water necessary to manage water quality specifically for in-Delta users, specifically for the M&I users who pull their water directly from the western Delta as well as those agricultural users in the southern Delta.

We'll be getting a lot of information in the next couple of months that will help clarify the issues.

In response to a question from Director Quigley on whether the modeling groups have been selected and when that data will be available, Ms. Nemeth responded that the groups have been selected and they come from a variety of backgrounds from fisheries, biologists, water quality modelers, public agencies, environmental groups, academia, etc. The conservation plan itself has an independent science review panel that takes a look at the information. All data will be available to us sometime towards the end of this year.

President Palmer asked if there is a difference between the peripheral canal vs. the dual conveyance with respect to ease of management for salinity and needs of the species. Is one easier as a management tool?

Ms. Nemeth responded there are a couple of considerations. With a fully isolated system, drinking water supplies will not be co-mingled with the natural estuary. That allows a lot of flexibility to work within the Delta system and respond to fish needs. There is also an on-going human need. For those in-Delta communities that are at odds with some of the fish species. A peripheral canal offers more flexibility on how to manage the salinity levels. The other benefit of an isolated system is that it offers flexibility in habitat restoration choices which now are at odds with water quality needs. Overall, she believed there is more flexibility in a fully isolated system.

Director Myers added that it was evident at last night's meeting in Walnut Grove that people in the Delta have nearly as much angst about the habitat restoration areas as they do about where the canal might go.

Director Quigley called attention to the claim in the PPIC report that 70% of the Bay Area's water supply comes through the Delta. Zone 7 the percentage is higher, with 80% of our water supply coming through the Delta.

No further comments.

## **Item 10—Committees**

There were no committee meetings to report on during the past month.

Director Myers requested that a meeting of the Ad Hoc Delta Committee be set to talk about Zone 7 operations contingency planning.

**Item 11—Items for Future Agendas—Directors**

Director Myers requested that there be an item for the October agenda on the Arroyo Del Valle property issue.

Ms. Duerig responded that we are still in process of completing StreamWISE, and that needs to be resolved before the Board discusses this specific issue. We are on track for an October presentation of StreamWISE but it may be later if it takes longer to resolve some of the philosophical questions.

Director Myers felt that members of the public are interested in having a discussion on the Arroyo Del Valle property issue.

Director Myers continued that he would like the opportunity to talk about guidelines for closed session. There have been two recent items which he felt should have been discussed in open session: Arroyo Del Valle property issues and the amendment to the GM contract--both needed a public policy discussion before the Board acted in closed session. The Board needs to talk about how to handle these issues and address how much discussion should take place in closed session.

**Item 12—Reports—Directors**

President Palmer noted that the Board retreat was held on August 14, 2008. Five Directors plus executive staff were present. Two members of the public were also present. Two committees were formed:

- Personnel Committee: Directors Kalthoff, Myers, and Palmer. (This reflected a change from the membership established at the retreat.)
- Ad hoc Strategic Planning Committee: Directors Kalthoff, Quigley and Stevens.

Director Quigley stated that he, along with President Palmer, attended a Workforce energy strategy summit with Rep. Jerry McNerney as the keynote speaker.

Director Quigley also reported that he had gone to Mexico City with his Rotary group. That area has severe water issues.

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

- a. General Manager’s Report
- b. Recent & Upcoming Public Outreach Activities
- c. Quarterly Financial Report
- d. Verbal reports

Mr. Yue responded to questions about the Financial Report.

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Ms. Duerig announced that she had received word from the Department of Water Resources that they are back to full use of the South Bay Aqueduct. There had been a reduction of pumping because of a failed transformer on a fish screen. A generator has been moved on site until repairs can be made. Operations are now back to normal.

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The Board recessed for a short break at 8:05 p.m., before going into closed session.

#### **Item 14—Closed Session**

- a) Conference with Legal Counsel - Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 1 case

Watershed Enforcers v. California Department of Water Resources et al., Alameda County Superior Court Case, No: RG06292124

- b) Conference with Legal Counsel –Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 3 cases
- c) Conference with Legal Counsel –Initiation of litigation pursuant to Subdivision (c) of Government Code Section 54956.9: 1 case
- d) Conference with Labor Negotiators:  
Agency Negotiator: Jill 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; Northern California Public Sector Region, Local 1021 of the Service Employees International Union, CTW

#### **Item 15—Open Session and Report Out of Closed Session**

Ms. Naamani advised that there is nothing to report out of closed session.

#### **Upcoming Board Schedule**

(Location for all meetings is 100 North Canyons Parkway, Livermore, California)

- a. Joint City Liaison Committee Meeting: August 26, 2008, 4:00 p.m.
- b. Finance Committee Meeting: August 28, 2008, 3:00 p.m.
- c. Energy Committee Meeting: September 9, 2008, 2:00 p.m.
- d. Regular Board Meeting: September 17, 2008, 7:00 p.m.

There was no further business and the meeting was adjourned at approximately 9:05 p.m.