

MINUTES OF THE BOARD OF DIRECTORS  
ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
  
REGULAR MEETING  
FEBRUARY 18, 1998

President Kalthoff called the meeting to order at 6:45 p.m., with a salute to the flag at the Zone 7 Administration Building, 5997 Parkside Drive, Pleasanton, California. The following were present:

DIRECTORS: JIM CONCANNON  
SANDY FIGUERS  
JOHN GRECI  
STEPHEN KALTHOFF  
DAVID LAYTON  
JOHN MARCHAND  
LYNN SPENCE

DIRECTORS ABSENT: NONE

ZONE 7 STAFF: DALE MYERS, GENERAL MANAGER  
VINCE WONG, ASSISTANT GENERAL MANAGER  
JON ORELLANA, DIVISION MANAGER  
JIM HOREN, CHIEF, WATER QUALITY SECTION  
DAVID LUNN, CHIEF, WATER RESOURCES ENGINEERING  
YK CHAN, CHIEF, FLOOD CONTROL ENGINEERING  
BARBARA MORSE, BOARD SECRETARY

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Item 3--Closed Session--Personnel

Conference with Labor Negotiators

Agency Negotiator: Dale Myers

Employee Organization: None--Unrepresented Management (Assistant General Manager, Engineering; Principal Water Resources Engineer; Supervising Water Resources Engineer; Water Resources Engineering Trainee; Emergency & Safety Supervisor; Senior Auditor/Accountant)

Agency Negotiator: Dale Myers

Employee Organization: Alameda County Management Employees Association

Agency Negotiator: Dale Myers

Employee Organization: Alameda County Building & Construction Trades Council, United Association Local 342

Agency Negotiator: Dale Myers

Employee Organization: United Service Employees, Local 616, SEIU

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Agency Negotiator: Dale Myers  
Employee Organization: International Federation of Professional and Technical Engineers,  
Local 21

President Kalthoff recessed the closed session at 7:10 p.m., and stated that there was nothing to report from the closed session.

Item 4--Citizens Forum--None

Item 5--Minutes of January 21, 1998 and January 28, 1998

Director Marchand made the following corrections to the minutes of January 28:

Page 11, item 4 should read: "He shared the concerns which had been expressed about traffic impacts from the development. However, it is obvious that development will occur, and we in this area will be stuck with the traffic."

Same page, next paragraph, two sentences beginning on line 6, should read: "Until recent weeks, there were enough guarantees that Zone 7 would remain whole but there were no substantial benefits to residents of the Zone. Due to recent eleventh hour negotiations by Directors Kalthoff and Layton, he believed there were sufficient guarantees including almost a million dollars in perpetual water entitlements which are surplus to that which would be needed by the development."

Director Marchand then moved for the approval of the minutes of January 21 and January 28, 1998 as corrected. The motion was seconded by Director Greci and passed by a voice vote.



Item 6--Consent Calendar

Director Marchand moved for approval of the following items on the consent calendar:

- a. Appointment of Representative of City/County of San Francisco to Flood Control Advisory Committee
- b. Approval of Consultant Expenses in Connection with Operations Training Program
- c. Approval of "Permanent Right-of-Way" to Honor the Retirement of Dolores Bengtson from City of Pleasanton
- d. Approval of Decision and Risk Analysis for Water Supply Management Contract with Charlton International

The motion was seconded by Director Concannon and passed by a voice vote. Director Figuers abstained on Item 6d.

Mr. Myers noted that in regards to 6c, the honor being bestowed on Dolores Bengtson refers only to Zone 7 channels to which the public already has access.

## Item 7--Emergency Flood Response

Mr. Chan reviewed for the Board the damages caused by the storms of February 2 and 3 when three inches of rainfall fell in one 12-hour period. Damages done during the 25-year event included bank slides, mud slides, embankment washouts, toe erosions, drop structure failures and access road washouts. Of the 40 damage sites, 15 were deemed serious enough to warrant immediate protective measures. This was considered to be a level one emergency and repairs were done by Zone 7 contractors. Because a national disaster was declared for Northern California it may be possible to get reimbursement for the repairs from FEMA.

Mr. Chan also advised the Board that staff committed a 15% share of the total repair cost for emergency stabilization work on private property along the Arroyo de la Laguna where a residence and a school were in imminent danger. The Natural Resources Conservation Service (NRCS) will pick up the remaining 85% of the repair cost. Staff is requesting Board approval to act as the local sponsor for the NRCS grant.

In compliance with Resolution No. 1296 which authorizes the expenditure of funds in the event of a local emergency, Mr. Chan informed the Board that the approximate cost of emergency repairs for the recent storms is \$200,000 and partial reimbursement by FEMA is possible.

Discussion then turned to other areas of local damage. The Board was interested in an update on the Stanley Boulevard washout. Mr. Myers advised that the damage was caused by a levee failure on the Arroyo Mocho through the Jamieson property. Since the break was on private property the property owner's forces made the repairs. The County Road Department is responsible for the repairs to Stanley Boulevard. Zone 7 recorded record flows on the Mocho after this event so it is believed that rainfall/runoff in the Mocho watershed area was more than the 25-year event.

Mr. Myers also noted that major desilting projects have been on hold for a few years because of lack of funding. Continued budget constraints will not allow the desilting but Zone 7 will go ahead with the biological and environmental work which is required to get permits from the Corps. This will assist the quarry operators to expedite their maintenance through this section of the Mocho. Also, Kaiser has offered us the use of one of the lakes in the quarry area. Staff is looking at whether it could be used as a detention facility during times of high flows on Arroyo Mocho.

Talks are also underway with Alameda County to see if Zone 7 can share the public agency portion of costs for other emergency repairs that have a high enough cost-benefit ratio as determined by the NRCS. This is not something we plan on doing long term but to address emergency repairs from recent storms.

Director Layton then moved to approve Zone 7 acting as a local sponsor for a Natural Resources Conservation Service grant and authorize local share and emergency payments. The motion was seconded by Director Concannon and passed by a voice vote.

## Item 8--Water Transfer Agreement with Byron Bethany Irrigation District

Mr. Wong advised that staff has finalized a 15-year water transfer agreement to purchase up to 5,000 acre-feet per year from Byron-Bethany Irrigation District. It is essentially the same as the present 5-year agreement. Under the terms of the agreement BBID agrees that at least 2,000 acre-feet of water will be available annually to Zone 7. Zone 7 will pay \$90/AF with a minimum annual payment of \$90,000. The CEQA work for this transfer will be done by ESA as part of the CEQA work for the expansion program. This agreement will be effective upon certification of the EIR in August. Zone 7 would have liked to secured a larger amount of water from BBID but the SWRCB and DWR has not yet given approval for a bigger transfer.

Mr. Myers added that BBID is interested in transferring more water and this is the first step in that process.

Director Marchand suggested that even in a wet year, such as the one we're in now, that the water be taken and sent to storage in Semitropic.

Mr. Myers responded that we are hoping that we will be able to deliver as much as 18,000 AF of water is scheduled for banking in Semitropic.

Director Marchand moved for the approval of Resolution No. 98-1918 approving the Water Transfer Agreement with Byron Bethany Irrigation District and authorizing the Board President to sign said agreement. The motion was seconded by Director Greci and passed by a roll call vote of 7-0.

#### Item 9--Fiscal Year 1998-1999 Budget

Mr. Myers made a few opening remarks before the budget presentation. He stated that the budget year (July 1 through June 30) splits the calendar year (January 1 through December 31); therefore, in the budget process we must anticipate the next year's water rate. The 1999 water rate will be set in September/October.

#### Key points:

- Changes have been made to expedite the water acquisition program.
- \$150,000 has been earmarked for a study on separation from Alameda County. This will be an update of a study made a few years ago.
- \$150,000 has been set aside for agency-wide program and performance audits.
- There are no revenues or expenditures which relate to the Dougherty Valley project--except in the State Water Facilities Fund (50-541); the net cost to Zone 7 of this change is zero.
- The Flood Control budget is very lean; most reserves have been expended repairing storm damage in recent years.

- Personnel costs are up 12 percent, and includes 5 percent for salary increases. There are several new positions in the budget and costs associated with some of the new positions are offset by reclassifying existing vacant positions. Using those offsets, the net increase in personnel is approximately 2 percent.
- Staff will be back in March with a recommendation for a new connection fee based on updated cost analyses.

Mr. Orellana then gave a description of each of Zone 7's main operating funds, including the fund's purpose, its source of revenue, and the percent change between last year and this year.

General Fund--50-540 (funds flood control operations; revenue source is property taxes)

The 1998-99 budget for Fund 540 is \$4,758,165 which is 39.08% below last year's budget. The need for extensive channel repairs has depleted reserves in the General Fund. New funding sources will have to be identified for any significant future projects.

State Water Facilities Fund--50-541 (funds fixed charges of State Water Project; revenue source is property taxes)

The 1998-99 budget for Fund 541 is \$5,055,000 which is a 13.95% increase over last year's budget. A reserve of just under \$2 million is carried in this fund to cover expenditures in the period prior to the collection of property tax revenues. This year the budget includes funds for the purchase of additional water capacity for Dublin San Ramon Services District for the Dougherty Valley project; this money will be reimbursed by DSRSD through tax override charges to the Dougherty Valley developers.

Water Enterprise--50-542 (funds operations and administration costs associated with the Water Enterprise, including safety and emergency services, plant maintenance, water resources management and planning; revenue source is water sales)

The 1998-99 budget for Fund 542 is \$18,328,648 which is a 9.96% increase over last year's budget. Revenues are based on the water rate which was set by the Board in October 1997 and an estimate of the rate (4.9% increase) which will be set in October 1998. This budget also includes an emergency reserve of \$3 million and a rate stabilization fund of \$1.2 million.

Mr. Myers noted that there will also be transfers of: 1) \$3 million to the Capital Projects budget to repay funds borrowed during the drought; and 2) \$5.2 million for new capital projects and to establish a sinking fund for new projects. The transfer of \$3 million will complete the repayment of money borrowed from other funds to finance capital improvement and replacement programs.

Mr. Myers also pointed out an expenditure of \$110,000 for a remodeling project at Del Valle Water Treatment Plant. This is to build office space for some members of our engineering staff who would be transferred to DVWTP to work more closely with Operations and Maintenance staff.

## Capital Projects

Renewal & Replacement--72-542 (funds replacement of existing system equipment and facilities; funding source is water sales)

The 1998-99 budget is \$192,000.

Systemwide Improvements--72-542 (funds improvements to the existing system for existing customers; funding source is water sales)

The 1998-99 budget is \$1,190,000.

Both of these funds are being repaid for money which was used to mitigate water rate increases during the drought. Projects which have been done have been funded from connection fees. To date \$7.3 million has been repaid; an anticipated transfer of \$3 million will complete the repayment.

A transfer of \$5.2 million from the Water Enterprise will fund projects in 1998-99 and future project.

Expansion--72-543 (funds development of new facilities and water supplies; funding source is connection fees)

The 1998-99 budget is \$23,349,409.

This fund reflects the Board's policy that new development must pay its own way. Funds budgeted in 72-543 will be used to expedite the acquisition of additional water supplies, e.g., water transfer option payments to Byron-Bethany Irrigation District; water entitlement purchase from Kern County Water Agency; payment for portion of Fourth Contractor Share of South Bay Aqueduct;

In response to questions, Mr. Myers advised that the \$908,000 budgeted for the Fourth Contractor Share of the SBA was the first of 35 yearly payments. Zone 7's agreement to purchase 7,000 acre-feet of SBA capacity is part of Amendment No. 19 to the water supply contract between DWR and Zone 7. Purchase of this portion of the Fourth Contractor share is not related to the Dougherty Valley project. It has long been known that this capacity would be needed for anticipated growth within Zone 7, and this purchase has been in the Zone's budget plan for the last 10 years.

In reference to the \$1.3 million earmarked for purchase of recycled water from the Clean Water Revival, Mr. Myers stated this would be a one-time purchase and would nearly equal the amount Zone 7 will be spending to purchase recycled water from Livermore's RO project.

It was moved by Director Figuers and seconded by Director Marchand that the following Fiscal Year 1998-99 budget resolutions be adopted:

- Resolution No. 98-1919 Approving FY 1998-99 budget for the General/Flood Control Fund, State Water Facilities Fund and Water Enterprise Fund.
- Resolution No. 98-1920 Approving FY 1998-99 budget for professional services for the General/Flood Control and Water Enterprise Funds.
- Resolution No. 98-1921 Approving the FY 1998-99 budget for professional services for the Water Enterprise Capital Projects Funds.
- Resolution No. 98-1922 Approving personnel actions contained in the FY 1998-99 budget.
- Resolution No. 98-1923 Approving FY 1998-99 budget for the Water Enterprise Capital Projects Funds.

Director Figuers motion passed by a roll call vote of 7-0.

Item 10--Conversion of Administration of the Pay Plan for Specific Classifications

Mr. Orellana advised that staff is requesting conversion of the Administration of the Pay Plan for specific classifications from a 5-step salary implementation schedule to a deep class schedule. A deep class schedule has only a top and a bottom step and new employees may be started anywhere within that range depending on qualifications. Movement from the low to high step is based on performance rather than on scheduled step increases.

Mr. Myers added that the deep classes would allow for more flexibility in recruitment and hiring. Movement within the classes is based on performance evaluations with an automatic appeal of any increase which is less than 3 percent. This change to deep class will not affect most current employees because they are already at the top step of their respective classes. The initial group slated for conversion is: Assistant General Manager, Engineering; Division Manager; Principal Water Resources Engineer; Supervising Water Resources Engineer; Senior Engineer; and Assistant Water Systems Superintendent. A long term goal is the conversion of all classes at Zone 7. There is no financial impact.

Mr. Keith Jackson, Water Facilities Supervisor, expressed concern for the deep class structure. He doubted the need for the change because it is already possible to start at the top step. He also believed it was placing too much authority to grant pay raises with one person. Board Members generally expressed agreement with the concept of performance based pay increases but recognized that performance evaluations could be arbitrary.

Mr. Myers added that this change would only affect the early years of an employee's tenure until he reaches the top step of his class.

In response to questions from the Board it was noted that the salary range used in the deep class structure is determined by the salary survey which is conducted every two years.

Director Figuers moved for the adoption of Resolution No. 98-1924 approving the conversion of the pay plan to a deep class pay plan and the procedure for implementation for specific

classifications at Zone 7. The motion was seconded by Director Spence and passed by a roll call vote of 7-0.

### Item 11--Committee Reports

At a meeting on February 9, 1998, the Board's Finance Committee heard a presentation of the 1998-99 budget. For future budgets Directors expressed interest in making that presentation a formal step in the budget process. Staff indicated that would be done.

### Item 12--Staff Reports

Written staff reports were presented on the following items:

- a. Update on GMAC Activities--Minutes of January 12, 1998 and February 5, 1998

On January 12 the GMAC heard a presentation on the CALFED process with emphasis on the importance of a Delta fix to Zone 7's water supply.

At the February 5 meeting the GMAC participated in a taste test of waters of varying degrees of TDS. There was no consensus in the taste test and many participants couldn't tell the difference. Mr. Lunn remarked that this lack of consensus emphasizes that before we embark on an expensive treatment process (e.g., RO), we want to be sure what we want to accomplish. He stated that the least expensive solution may be a consistent blend of surface and groundwater.

- b. Update on FCAC Activities--Minutes of January 29, 1998

- c. CDHS Studies Concerning Link Between THMs and Miscarriages

Mr. Horen presented an update on the CDHS studies linking total trihalomethanes (TTHMs) and the rate of miscarriages. TTHMs are a byproduct of the use of chlorine as a disinfectant. Zone 7 switched to chloramines as a residual disinfectant in August 1990 and has had average TTHM levels of around 50 ug/l for the last four years (45 ug/l in 1997). The federal and state standard is 100 ug/l. Zone 7 received no calls concerning the purported link; however, the retailers did receive a few calls. Water agencies felt they were unfairly left out of the loop when study results were leaked to the press before the planned February 18 press conference.

Director Marchand believed that water agencies were deliberately blindsided by DHS when representatives were not even allowed to attend briefings. He stated that he believed study results were inconclusive, and the release of the results was manipulated in order to re-establish funding which was about to expire. He believed follow-up study would be important to prove any link. If a link does exist, this may point to the need for a through-Delta conveyance.



Director Marchand recommended that the Board send a letter to the Governor regarding the way this was handled by the Department of Health Services. There was concurrence on the part of the other Directors to send such a letter.

d. Verbal reports

- Expansion Policy--Staff will be meeting with City of Livermore and DSRSD on February 19. Written comments were received from the City in January. The policy will probably be sent out for comments one more time and be on the Water Committee's agenda before presentation to the full Board.
  
- Mr. Mitch Baker, Water Systems Superintendent, gave a brief report on current water production and the difficulties associated with treating Lake Del Valle water. Because of the heavy rains the LDV water has a high turbidity and DVWTP production is down. Because the Patterson Plant is down for repairs it has been necessary to turn the wells on.



The next regular meeting will be March 18, 1998.

There being no further business, President Kalthoff adjourned the meeting at 9:17 p.m.