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

REGULAR MEETING
May 20, 2020

The following were present:

DIRECTORS:
SANDS FIGUERS
DENNIS GAMBS
SARAH PALMER
DICK QUIGLEY
ANGELA RAMIREZ HOLMES
OLIVIA SANWONG
MICHELLE SMITH MCDONALD

DIRECTORS ABSENT:  NONE

ZONE 7 STAFF:
VALERIE PRYOR, GENERAL MANAGER
OSBORN SOLITEI, TREASURER/ASSISTANT GENERAL MANAGER, FINANCE
BRANDON WOODS, ASSOCIATE ENGINEER
DONNA FABIAN, EXECUTIVE ASSISTANT
ALEXANDRA BRADLEY, COMMUNICATIONS SPECIALIST

COUNSEL:  DAVID ALADJEM, DONNEY BRAND

Item 1 – Call Meeting to Order

The meeting was called to order at 6:30 p.m. and the Board immediately went into Closed Session.

Item 2 – Closed Session

a. Conference with Labor Negotiators pursuant to Government Code section 54954.5:
Agency Negotiator: Valerie Pryor/Osborn Solitei
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 Gov’t Code section 54956.9(d) (1): (1) City and County of San Francisco v. County of Alameda (Contra Costa County Superior Court Action No. MSN18-0928), (2) County of Butte v. California Department of Water Resources (California Supreme Court No. S258574, (3) State Water Contractors v. California Department of Fish & Wildlife (Fresno County Superior Court, filed April 29, 2020).

c. Conference with Legal Counsel – Potential initiation of litigation pursuant to Gov’t Code section 54956.9(d) (4): 2 cases

d. Conference with Legal Counsel – Anticipated litigation pursuant to Gov’t Code section 54956.9(d) (2): 2 cases

Item 3 – Open Session and Report Out of Closed Session

The meeting was called back into session at 7:00 p.m., rollcall was taken and all Board Members were present. President Figures stated that there was nothing to report out of Closed Session.

Item 4 – Citizens Forum

There was no public comment.

Item 5 – Minutes

Director Ramirez Holmes asked that the 3rd sentence on page 3, item 4, read "Director Ramirez Holmes asked if we could discuss" instead of "Director Ramirez Holmes disagreed."
The meeting minutes were approved with the change by a rollcall vote of 7-0.

Item 6 – Consent Calendar

Director Ramirez Holmes requested to pull Item No. 6a. Director Quigley moved to approve Items 6b through 6l, and Director Palmer seconded the motion. Items 6b through 6l were approved by a rollcall vote of 7-0.

Resolution No. 20-19  Award Contract for As-Needed Electrical Engineering Services (Item 6b)

Resolution No. 20-20  Award of Contract for As-Needed Materials Testing and Specialty Inspection Services (Item 6c)

Resolution No. 20-21  Contract Amendment for Design Services for North Canyons HVAC System Replacement Project (Item 6d)

Resolution No. 20-22  Award of Contract for Heating, Ventilation, and Air Conditioning Maintenance (Item 6e)
Resolution No. 20-23  Award a Contract for Fleet Vehicle Maintenance and As-Needed Repair Services Award of Contract for Flood Control Maintenance Trucking Services (Item 6f)

Resolution No. 20-24  Award of Contract for Flood Control Maintenance Trucking Services (Item 6g)

Resolution No. 20-25  Award a Contract for As-Needed Fence Maintenance and Repair Services (Item 6h)

Resolution No. 20-26  Contract Amendment for Coating Inspection Services for the Dougherty Reservoir Recoating and Rehabilitation Project (Item 6i)

Resolution No. 20-27  Cost Share Agreement for Los Vaqueros Reservoir Expansion – Amendment No. 1 (Item 6j)

Resolution No. 20-28  Award of Contract for Professional Services to Digital Deployment for Website Redesign, Hosting and Security Services and Amendment of Contract for as-needed Professional Services for JPW Communications for Website Content Copywriting and Editing (Item 6k)

Resolution No. 20-29  Award of Contract for As-Needed Professional Services to Wilkins Works, Inc., for Outreach Support and Schools’ Program Administration (Item 6l)

Item 6a – Award of Contract to Maze and Associates for External Auditing Services

Osborn Solitei, Treasurer/Assistant General Manager – Finance, gave a brief presentation on the awarding of a contract for an external auditing firm. Mr. Solitei stated that Maze and Associates have been Zone 7’s auditing firm since 2010 and the current 5-year contract has expired. He stated that Zone 7 issued a Request for Proposal (RFP) in February and received seven proposals. Mr. Solitei stated Government Code section 12410.6(b) states that there is no standard for mandatory audit firm rotation, but rotating the lead audit partner after six consecutive years is required. Maze & Associates would provide a new lead audit partner for fiscal year 2021. Mr. Solitei stated that the second runner up, has relevant experience, but most of the experience was in Southern California where they are headquartered; however, they are the current auditors for Alameda County Water District (ACWD).

Director Ramirez Holmes told the Board that in 2015 when the last RFP for audit firm came to finance committee that the finance committee and public comments that were received discussed the best practice of rotating the auditor. She added that only one proposal was received at that time so we didn’t have that option. She suggested that Zone 7 now switch auditing firms based on best practice, having received 7 proposals this time, and having had Maze and Associates for 10 years. She stated that she cannot support another renewal for Maze and Associates based on that past pledge and discussion despite Maze and Associates doing an excellent job.
Director Ramirez Holmes suggested Zone 7 switch auditing firms. She added that her decision is no reflection on Maze and Associates and that they have done a good job, but she thinks Zone 7 should switch up audit rotation and she can’t support renewal for Maze and Associates.

Director Palmer agreed that there would be a rotation of auditors and it looks like that’s what Maze and Associates is proposing. Director Smith McDonald asked how much more it would cost to rotate to a new firm. Mr. Solitei responded that the proposal costs were almost identical but it would cost more in staff time in the first year as the firm would need to learn our financial system and agency operations.

Director Palmer agreed that there will be a rotation of auditors and it looks like that’s what Maze and Associates is proposing. Director Smith McDonald asked how much more it would cost to rotate to a new firm. Mr. Solitei responded that the cost would be more in the first year as the firm would need to learn our financial system and Agency operations.

Director Quigley felt a change might be in order, but he is very pleased with Maze and Associates and is comfortable with keeping them. Director Gambs stated that he thinks it would be a good, healthy thing to change auditing firms as it will give a different perspective. He feels now is a good time to do it.

Director Smith McDonald stated that a change in the audit partner, but not the firm doesn’t change the perception that we wouldn’t have changed the audit firm for 15 years. We should consider this change for the sake of transparency and the sake of the public.

President Figuers asked David Aladjem, General Counsel, if there would be any legal repercussions in choosing a different firm than what staff recommended. Mr. Aladjem responded that the Board has discretion as to what it wants to do.

Director Sanwong asked if it should be brought to the Finance Committee but Valerie Pryor, General Manager, said if the Board chooses the alternative firm, that firm would want to start right away and not wait until August so going to the Board in June would put them behind schedule. Director Sanwong further stated that the key philosophy in switching auditors is not to have an audit firm be too comfortable, but to look for things that we might have missed.

Director Ramirez Holmes made a motion to select the number two firm. Director Smith McDonald seconded the motion. The motion passed by a rollcall vote of 7-0.

Resolution No. 20-18 Award of Contract to The Pun Group for External Auditing Services

Item 7 - DVWTP Ozonation Project Quarterly Progress Presentation

Brandon Woods, Associate Engineer, gave an update on the DVWTP Ozonation project. Mr. Woods stated that operating ozone does require some consideration when talking about power. The creation of ozone out of oxygen requires pretty significant amounts of power. The power breaks up oxygen molecules to form ozone and because of this, Zone 7 made the switch from PG&E to PWRPA power as part of the project. Mr. Woods added that 80% of PWRPA’s energy comes from green sources and there is flexibility to increase that percentage.
PWRPA power is also a little over 25% cheaper than PG&E power so that means that some of that increased power consumption is offset by the cheaper PWRPA power but also a reduction in other things like chemical usage and solids handling at the treatment plant.

Mr. Woods stated that the contractor’s work is basically complete and that the project schedule has been significantly impacted by COVID-19 as Xylem, the ozone manufacturer, was on travel restrictions. Mr. Woods stated that the budget and change orders are at risk as the contractor submitted a few large change order requests which exceed the construction contingency. The project team does believe that these requests are without merit and has been working for quite a while to try to resolve these issues. Mr. Woods added that he is anticipating a startup date of July 15.

Item 8 - Purchasing Cards Audit: Independent Accountant’s Report on Applying Agreed-Upon Procedures for the Alameda County Flood and Water Conservation District – Zone 7 Water Agency in Regard to Procurement Card Transactions for the Calendar Year Ended December 31, 2019

Osborn Solitei presented the independent accountant’s report on applying agreed upon procedures regarding procurement card transactions for calendar year 2019. Mr. Solitei stated that the auditor’s report included one finding. There was a transaction where both the purchaser and the approver had the same title. Mr. Solitei said that he has instructed employees and/or cardholders that their card’s transactions must be approved by their supervisors and a form was created for the approval process.

Item 9 - Request by Director Palmer for Authorization to Attend the 2020 California H2O Women Conference

David Aladjem, General Counsel, stated that he discussed with the Board at last month’s meeting his concerns about Director Palmer potentially attending a conference that would be discriminatory. Since that time, he reached out to the conference co-chair and she informed Mr. Aladjem that their policy was very clear that they did not discriminate on the basis of gender. Mr. Aladjem replied to her that it is not clear on their website. She said that she would add a statement to clarify. Mr. Aladjem said since the conference does not discriminate based on gender, attendance is an eminently appropriate expenditure of public funds.

Donna Fabian, Board Secretary, read a letter received by Jan Batcheller, a resident of Pleasanton. The letter stated Ms. Batcheller was concerned about Zone 7 paying for an all-female conference, which she felt was discriminatory.

After a brief discussion and now that the criteria for attending the conference changed, President Figuers made a motion to approve Director Palmer’s attendance at the conference and Director Quigley seconded the motion. The motion was approved by a rollcall vote of 7-0.

Resolution No. 20-30 Request by Director Palmer for Authorization to Attend the 2020 California H2O Women Conference (Item No. 9)
Item 10 - Award of Contract to JPW Communications for the 2020 Tri-Valley Public Information Program on Water Supply Reliability

Alexandra Bradley, Communications Specialist, stated that under the Tri-Valley Potable Reuse Collaborate Efforts Task Order adopted on December 18, 2019, it included the Tri-Valley Water Liaison Committee’s collaboration to develop a community outreach program. Under that task order, Zone 7 would serve as the lead agency issuing Request for Proposals (RFP) and awarding and administering consulting contracts. An RFP for the public information program as prescribed by the Task Order was issued, and staff from the Tri-Valley Water Liaison Committee selected four qualified firms to interview. JPW Communications was selected as the most qualified to complete those services.

Laurene Green, a resident of Pleasanton, commented that it may be premature to develop the program.

Valerie Pryor stated that this has been included under the Potable Reuse Task Order and is about overall water supply reliability and not specific to potable reuse. Ms. Pryor added that all studies have shown that in 10 to 15 years, the Tri-Valley area is going to need additional water supply projects, whether it’s potable reuse, regional desal, sites reservoir, or something that has yet to be started. It will likely be a significant financial investment for the community so the idea behind this program is to start educating the community, stakeholders, and civic groups on what the needs are for future water supply reliability.

Director Ramirez Holmes stated that as a member of the Tri-Valley Liaison Committee, providing the public with information has been an ongoing commitment. She added that the committee has always said there needs to be more information to the public about where their water comes from and how decisions are made, instead of just engaging them with surveys and when rates are raised. Director Smith McDonald stated that she views this not as a marketing campaign but an educational program. Director Sanwong said that she appreciates this coming from the Liaison Committee and that it’s important for everyone in the Tri-Valley to understand why we’re making these decisions and for them to be more informed about where their water is coming from. Director Gambs agreed with taking the time to educate the public. Director Gambs asked if the members of the Liaison Committee with the City of Pleasanton have a problem with the task order going forward to their City Council. Director Ramirez Holmes responded that the City Council approved continuing with the studies at the end of 2019 but the City Council has not yet voted on the actual task order as it was pulled from their agenda for more information. Dick Quigley stated that he supports more education to the public about where their water comes from.

Director Ramirez Holmes moved to approve the item and Director Palmer seconded the motion. The motion was approved by a rollcall vote of 7-0.

Resolution No. 20-31 Award of Contract to JPW Communications for the 2020 Tri-Valley Public Information Program on Water Supply Reliability (Item No. 10)
Item 11 – Science Odyssey Presentations

Alexandra Bradley indicated that May is Water Awareness Month and as part of Zone 7’s water awareness campaign, Zone 7 engages with local students to bring attention to the importance of water. This year marks the 20th anniversary of the Livermore Joint Unified School District’s Science Odyssey, which is a science fair for 1st through 12th graders. Ms. Bradley started to share a video of the 3 prize winners but had technical difficulties. Ms. Bradley added that the video will be on Zone 7’s website and social media platforms for future viewing.

Item 12 - Committees
  a. Water Resources Committee Meeting – April 20, 2020 – notes
  b. Finance Committee Meeting – April 28, 2020 – notes

Item 13 – Reports – Directors

President Figuers had nothing to report. Director Palmer submitted a written report and a verbal report.

Item 14 - Items for Future Agenda – Directors

There were no items for a future agenda.

Item 15 – Staff Reports

  a. General Manager’s Report
  b. Legislative Update
  c. April Outreach Activities
  d. Capital Projects Status Report
  e. Monthly Water Inventory and Water Budget Update
  f. Verbal Reports

Ms. Pryor stated that Zone 7 continues to operate effectively while dealing with COVID-19 and shelter-in-place restrictions. Staff have been operating with appropriate social distancing and many are telecommuting. Ms. Pryor briefly discussed the potential financial impacts of COVID-19, stating that short-term impacts are minimal but long-term impacts are uncertain. Staff will continue to monitor the situation and report to the Finance Committee and the Board.

Item 16 – Adjournment

President Figuers adjourned the meeting at 8:25 p.m.