ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: **Wednesday, January 16, 2013**

TIME: **7:00 p.m.**

LOCATION: **Zone 7 Administration Building**
100 North Canyons Parkway, Livermore, California

Any member of the public desiring to address the Board on an item under discussion may do so upon receiving recognition from the President. After receiving recognition, please step to the podium and state your name and address.

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available at the Zone 7 Administrative Building lot. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the Zone 7 Board Secretary, Judy Rector, at (925) 454-5053 or fax (925) 454-5724. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

AGENDA

1. Call Meeting to Order
2. Pledge of Allegiance
3. Citizens Forum

   This is an opportunity for members of the public to speak on an item not listed on the agenda. The Board cannot deliberate or take action on a non-agenda item unless it is an emergency as defined under Government Code Section 54954.2.

4. Minutes of the Regular Meeting of December 19, 2012
5. Consent Calendar
   a. Authorization for Commercial Septic System, Grasso Horse Boarding Facility, 11398 Tesla Road, Livermore (Case #13-065)
   b. Integrated Regional Water Management Plan (IRWMP) Proposition 84 Round 2 Grant Application Authorization
6. Staffing Update:
   a. Congratulations to Retiree
   b. Employee of the Month Recognition
7. Committees - Liaison Committee Minutes - pending
8. Reports - Directors
   a. Verbal comments by President
   b. Written report by Director Quigley - none
   c. Other Directors' Verbal reports
9. Items for Future Agenda - Directors

10. Staff Reports (Information items. No action will be taken.)

a. General Manager's Report
b. December Outreach Activities
c. Legislative Update
d. Quarterly Update of Expansion Fund
e. Report on Water Sales and Connection Fee Revenue
f. Status of the City of Pleasanton's Recycled Water Feasibility Study
g. Status of Del Valle Water Treatment Plant Solar Energy Production
h. Verbal Reports

11. 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.

b) Conference with Legal Counsel - Significant exposure to litigation pursuant to paragraph 2 of subdivision (d) of Government Code Section 54956.9: 1 case.

c) Conference with Legal Counsel - Potential litigation pursuant to paragraph 3 of subdivision (d) of Government Code Section 54956.9: 1 case.

d) Conference with Legal Counsel - Existing litigation pursuant to paragraph 1 of subdivision (d) of Government Code Section 54956.9: 1 case *(Central Delta Water Agency, et al., v. California Department of Water Resources, et al.)* (Sacramento County Superior Court No. 34-2010-80000561).

12. Open Session and Report Out of Closed Session

13. Adjournment

14. Upcoming Board Schedule: (All meeting locations are in the Boardroom at 100 North Canyons Parkway, Livermore, California, unless otherwise noted)

a) Liaison Committee Meeting: January 14, 2013, 4:00 p.m.
b) Water Resources Committee Meeting: February 5, 2013, 4:00 p.m.
c) Special Board Meeting: February 6, 2013 (if needed)
d) Regular Board Meeting: February 20, 2013, 7:00 p.m.

Materials related to an item on this agenda that have been provided to the Board less than 72 hours prior to the meeting are available for public inspection at the Zone 7 office at the time of, and prior to, the meeting and at www.zone7water.com. All other material otherwise provided to the Board will be available at the public meeting.

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

REGULAR MEETING
December 19, 2012

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

DIRECTORS:	SANDS FIGUERS JOHN GRECI SARAH PALMER RICHARD QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	DIRECTOR MACHAEVICH
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION TAMARA BAPTISTA, FINANCE MANAGER MIKE WALLACE, STAFF ANALYST JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum - None.

Item 4 - Minutes of the Regular Meeting of November 28, 2012

President Palmer added language to Item 12, Open Session and Report Out of Closed Session, clarifying that the General Manager had received a cost-of-living adjustment of 2.65%. Director Greci moved for approval of the revised minutes and Director Ramirez Holmes seconded the motion. There was a voice vote of 6-0 with Director Machaevich absent.

Item 5 - Consent Calendar

Director Greci moved for approval of both Consent items and Director Quigley seconded the motion. There was a voice vote of 6-0 with Director Machaevich absent. The following resolutions were approved:

Resolution 13-4243	Authorized Director Quigley's attendance at the "Santa Ana River Watershed 2013" meeting on April 11, 2013, and reimbursement of actual and necessary expenses associated with his attendance at this event. (Item 5a)
Resolution 13-4244	Acceptance of the annual report of development fee revenues and expenditures for fiscal year ending June 30, 2012. (Item 5b)

Item 6 - Staffing Updates

Item 6a - New Employees

Ms. Duerig gave the Board information on Tami Church, Zone 7's new Junior Water Resources Planner. The Board recognized and welcomed her in absentia and President Palmer requested that it be noted in the minutes that the Board is glad she is here.

Item 6b - Employee of the Month Recognition

Ms. Duerig congratulated Joel Larson, Instrument Technician II, on becoming the October Employee of the Month. Joel has been able to do a lot of the in-house SCADA work that was previously done by outside contracts with Telestar. The Board applauded Joel in absentia.

Item 7 - Award of Contract for Centrifuge Equipment System Rental Service for Patterson Pass Water Treatment Plant

Kurt Arends gave the background on long-term plans for handling sludge at both treatment plants. Mechanical dewatering is the long-term solution for Del Valle WTP and additional drying beds for Patterson Pass WTP. Staff is working with the Department of Water Resources to acquire additional land at Patterson Pass to expand the drying beds but until that is done, mechanical dewatering at Patterson Pass WTP is needed in the interim. The remainder of the contract will be used at Del Valle WTP while Zone 7 installs a dewatering system. Karl Needham has a current contract for both plants and he was the sole bidder for the three-year Patterson Pass contract.

President Palmer asked when approval of land for Patterson Pass would go through. Mr. Arends replied that the appraisal has been approved but it is now going through the State's land process, which could take time. He estimated at least two years to have the beds in place at Patterson Pass.

Director Quigley commented on the sludge cost components at Del Valle. He requested that staff track the three cost components: dewatering, hauling (labor and transport fees) and dumping fees (depending upon the wetness of the load) so that they have two years' worth of costs for handling approximately 45 tons of sludge at each plant. He believes having real numbers for that operating element would be helpful. Ms. Duerig replied that when the new financial software is available in July 2013, it will be possible to gather these numbers.

Director Figuers moved to approve the contract and Director Quigley seconded the motion. There was a roll call vote of 6-0 with Director Machaevich absent. Resolution 13-4245 was passed approving the plans and specifications for the PPWTP Centrifuge Rental Services Contract with KNE, Inc., in an amount not to exceed $488,125 per year.

Item 8 - Information Technology Services Contract Award

Mike Wallace, Staff Analyst in Finance, reviewed the information with the Board leading up to the selection of Lanlogic as the best service provider of IT services for Zone 7 for the next three years in a total not-to-exceed amount of $671,788.

Director Ramirez Holmes asked if Lanlogic's budget for last year was based on the number of call outs and about the importance of the criteria for the Dun and Bradstreet report as required by the RFP. Mr. Wallace said staff uses the report to gauge the financial stability of the company.

Her concern is that when there is only a 5% difference in reviewing scores, is the current vendor worth the dollar difference in bids.

President Palmer expressed concern about the justification for not selecting the lowest bidder and that it was a fair process. Ms. Duerig replied that all bidders had been notified and if they objected, they had time to respond or attend tonight's board meeting.

Director Quigley would like to know how many hours of service are provided per year and what tasks are covered in addition to SCADA support and maintenance? Mr. Wallace noted that they do not track hours because the time element is whatever it takes to provide the service required to keep Zone 7 up and running. Ms. Duerig said the negative is the down time Zone 7 has when we cannot function because computers are down. Because Lanlogic can get on the computer remotely to solve problems, they are often able to respond more quickly.

Ms. Ramirez Holmes asked about in-house IT support which resulted in a discussion that it is cheaper to contract out than to have a small department, plus the advantage of 24/7 coverage. Mr. Hughes said the cost to have a full-time Zone 7 employee is unrealistic when 24/7 coverage is needed.

Director Greci moved and Director Quigley seconded the motion for approval of the contract with Lanlogic. There was a roll call vote of 6-0 with Director Machaevich absent and Resolution 13-4246 was approved for a contract for a total three-year, not-to-exceed amount of $671,788.

Item 9 - Independent Auditor's Report and Annual Financial Statements for Fiscal Year Ending June 30, 2012

Tamara Baptista, Financial Services Manager, introduced Tim Kirsch, Auditor from Maze and Associates, who provided the independent financial audit of Zone 7 for the fiscal year ending June 30, 2012. Mr. Kirsch stated that it was an unqualified "clean" opinion, which is the highest level of assurance that auditors can bestow on organizations. The agency is in compliance with financially acceptable accounting principles, financial statements are materially correct (accurate) and staff is following the policies adopted by the Board of Directors. In reference to the Memorandum on Internal Control and Required Communications (MOIC), there were also no material weaknesses or other areas needing to be improved.

President Palmer encouraged Zone 7 staff to meet with the retailers soon so the information on reserves is available as soon as possible. Mr. Hughes noted that the retailers asked that the process not be rushed. A meeting with the retailers will be scheduled to discuss a draft of the reserve policy in January.

President Palmer also congratulated staff and the Finance Committee on taking the time and making the effort to analyze the audit.

Director Stevens complimented the auditor on the letter included in the report and that the letter was easy to understand.

Ms. Duerig credited Margaret Chun and Teri Yasuda from Accounting and Tamara Baptista and JaVia Green for Zone 7 receiving an unconditional report and audit.

Director Ramirez Holmes moved and Director Figuers seconded the motion accepting the audit report for the fiscal year ending June 30, 2012. Resolution 13-4247 was passed after a roll call vote of 6-0 with Director Machaevich absent.

Item 10 - Committees - Finance Committee - November 26, 2012 - minutes.

Item 11 - Reports - Directors

a. Verbal comments by President

President Palmer and Director Ramirez Holmes both attended Supervisor Haggerty's Holiday Open House.

President Palmer said that a final Ad Hoc Response Committee meeting was held. The purpose of the committee was to follow-up with comments on the Grand Jury report to Supervisors Haggerty and Miley. Since that purpose has been met, there is no longer a need for the committee and that it has been dissolved.

A revised Doodle Poll will be sent out with new Liaison Committee dates.

Director Ramirez Holmes added that she attended the swearing in of two local legislators in Sacramento, Assemblywoman Joan Buchanan and Senate Majority Leader Ellen Corbett.

She also attended a Civil Justice Association of California (CJAC) luncheon honoring Joan Buchanan as legislator of the year.

b. Written report by Director Quigley

Director Quigley noted that he had attended an ACWA Board Meeting on November 16 and there were discussions concerning the super majority in the State, the water bond, and federal and state elections. Director Greci asked for clarification of Director Quigley's remarks in his written comments about PG&E efficiency dollars for water heaters where he noted that "a run soon appears likely" and there may be new "low hanging fruit" as a result. Director Quigley said it is a warning shot and President Palmer asked if that meant it is similar to the Educational Revenue Augmentation Fund (ERAF). Ms. Duerig clarified that the passage of Property 30 eased concern that Special District revenues may be attacked.

Director Figuers referred to his remarks in the November board meeting and said his concern is that the toilet recycling program is based on a twenty-year-old paradigm that was needed in the late 80's, early 90's, but now we have "plucked all the low hanging fruit." He feels the program does not encourage anyone to replace a toilet and toilet replacement money could be better spent.

Randy Werner, City of Livermore, referred to the replacement of 125 toilets at Motel 6 and that the City of Livermore will be able to compare how much water is saved and how productive the program was by comparing twenty years' of water consumption statistics. Director Figuers asked if Motel 6 would have replaced the 125 toilets anyway if the program did not exist. Mr. Werner replied that he thought they took advantage of the program because it does exist. Cal Water has had more success in getting apartment complexes to replace toilets for water savings.

Ms. Duerig said there could be a verbal staff report updating the Conservation Master Plan. A consultant could update the program because in 2008 outdoor uses were identified such as large landscape audits and less about internal pumping because of changes in the plumbing code and the lack of availability of high-flow toilets in the stores.

Item 12 - Items for Future Agendas – Directors

Director Figuers suggested a future agenda item would be to discuss the toilet recycling program.

Item 13 - Staff Reports (Information items.)

a. General Manager's Report
b. Legislative Update
c. Status Report on Separation Efforts and Financial Software Replacement Project
d. Report on Water Sales and Connection Fee Revenue
e. Update Related to the Site-Specific Analysis for the Bay Area Regional Desalination Project
f. Verbal Reports

Kurt Arends gave a Delta-related verbal report that between smelt take and turbidity increases, the State is cutting back on pumping which affects the supply of water. One of the actions required in the biological opinion is that certain triggers force reductions in the pumping due to smelt losses and turbidity. DWR will ramp up as soon as they can but with rain predicted, Mr. Arends is not sure when that will occur.

General Counsel David Aladjem reminded the Board that there is a December 25th cut-off where the pumping routine changes due to rain and turbidity, so this may be an early beginning to the reduction that goes on until late spring. Ms. Duerig responded that the aqueduct issue last year and biological opinion will continue to impact us even with a lot of rain because if not captured in Oroville, we cannot capture it now due to the smelt and turbidity.

Director Ramirez Holmes said she is still waiting for information on the status of separation legislation and is it going to be pursued again in 2013. Ms. Duerig replied it is unlikely in 2013.

The Board went into Closed Session at 7:55 p.m.

Item 14 - 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.

b) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 1 case

Item 15 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 8:45 p.m. and President Palmer said there was nothing to report. Then President Palmer asked for a moment of silence for the people who lost loved ones in the Newtown, Connecticut, school shooting.

The meeting was adjourned at 8:50 p.m.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

ORIGINATING SECTION: Groundwater Section
CONTACT: Matt Katen

AGENDA DATE: January 16, 2013 ITEM NO. 5a

SUBJECT: Authorization for Commercial Septic System, Grasso Horse Boarding Facility, 11398 Tesla Road, Livermore (Case #13-065)

SUMMARY:

- Mr. Philip Grasso has requested Zone 7 authorization for use of a septic tank system for a commercial horse boarding facility on a 7-acre parcel located at 11398 Tesla Road, in South Livermore (APN 099A-2120-001-03).
- The proposed “alternative” septic system, designed by an experienced registered civil engineer, will serve restrooms used by the business’ employees and patrons. It will also serve a proposed caretaker’s residential unit. An existing conventional septic system will remain in service for the main residence, as well.
- It is not economically feasible to connect the facility to the municipal sewer because the site is 4 miles from the closest sewer line and located outside of Livermore’s Urban Growth Boundary.
- Zone 7 Resolution 1165 prohibits the use of septic tanks for new commercial developments unless an exception is granted by the Board of Directors. Zone 7 policy also restricts onsite wastewater loading from any new development to a maximum density of one rural residential equivalence (1 RRE) per 5 acres.
- The proposed system includes a treatment process that should reduce the nitrogen concentration of its effluent by more than 70%. This will result in an overall estimated onsite wastewater loading of no more than 1.4 RRE on the 7 acres, which is the prorated equivalent of 1 RRE per 5 acres.
- Following the Board-approved septic system decision tree process (Exhibit B of the attached memorandum), staff recommends approval of this commercial septic system use and for the finding that the use is in compliance with Resolution 1165.

FUNDING:
There are no Zone 7 funding issues associated with this item.

RECOMMENDED ACTION:
Adopt attached resolution approving commercial use of a septic system for the Grasso Horse Boarding Facility at 11398 Tesla Road, Livermore, in accordance with Resolution 1165.

ATTACHMENTS:
Memo Providing Additional Background and Discussion on Agenda Item
Zone 7 Board Resolution

Interoffice Memo

Date: January 16, 2013
To: Jill Duerig, General Manager
From: Matt Katen, Groundwater Section Manager
Subject: Authorization for Commercial Septic System for Grasso Horse Boarding Facility at 11398 Tesla Road, Livermore (Case # 13-065)

The following provides additional background and discussion on the above-referenced agenda item.

BACKGROUND:

Tim Johnston of Acorn Onsite, Inc. has submitted a request for Zone 7 approval for a new commercial septic tank use (i.e., horse boarding facility) at 11398 Tesla Road, Livermore (APN 099A-2120-001-03) on behalf of the property owner, Philip Grasso (Exhibit A).

The parcel is approximately 7 acres in size and is situated over the eastern edge of the Livermore Valley Central Groundwater Basin as defined in Zone 7's Wastewater Management Plan (1982) (Figure 1). It is located outside of Livermore's Urban Growth Boundary (UGB) and about four (4) miles from the closest municipal sewer. The closest monitored high nitrate area is approximately 2 miles west of the site.

The proposed new septic system would serve both commercial and new residential uses on the property. The commercial use involves only residential-type sewage from restrooms for the patrons and employees of the horse boarding facility operating at the site, whereas the residential use involves a new two bedroom caretaker's home. Also located on the property is an existing three bedroom single-family unit being served by an existing "conventional" septic system located in a separate area of the property. The existing system would remain in operation in conjunction with the new system.

The proposed new septic system (Quanics AeroCell system) is an NSF International-certified "alternative" system that includes a treatment process which demonstrated an average 77% reduction in effluent nitrogen concentrations during NSF's six month performance testing (NSF 2005). Because the performance testing was conducted under controlled conditions, a more conservative average performance of 70% nitrogen reduction is being used for this evaluation (see Exhibit C). If approved and permitted by Alameda County Department of Environmental Health (ACDEH), the applicant will be required to show proof of maintenance by an independent contractor and submit annual performance monitoring reports to ACDEH. Staff will review the annual monitoring reports to confirm that the system's average nitrogen removal is sustainable at the assumed 70%, or greater.

Zone 7 has adopted Wastewater Management Policies to minimize the potential for impacts to groundwater from over use and misuse of septic tanks over the Central Groundwater Basin and its fringe areas. One such policy limits all new developments planning to use septic tank systems to a maximum density of one rural residential equivalence per five acres (1 RRE/5 Ac.). For the purpose of evaluating onsite wastewater loading, staff assumes 1 RRE equals about 320 gpd (average) effluent containing 40 mg/L total nitrogen (N), or a loading of about 39 lbs N per year.

A second policy prohibits the use of septic tanks for any new commercial development unless the Zone 7 Board approves it. The Board has also adopted criteria for approval of commercial systems and a process for evaluating which projects meet the criteria for approval. This process is summarized in the Zone 7 Septic Tank Approval Decision Tree, which is provided in Exhibit B.

Horse manure is another expected contributor to the onsite nitrogen (nutrient) loading anticipated at this commercial animal boarding facility; however, its potential for impact to groundwater will be minimized through a Manure Management Plan and use of "best management practices (BMPs)" which are both requirements for the County's conditional use permit (CUP) for horse boarding operations. The additional nitrogen loading from the Confined Animal Operations (CAF) is not included in this evaluation of the septic tank impacts; however, they are being accounted for in Zone 7's forthcoming Salt and Nutrient Management Plan update.

DISCUSSION:

In accordance with procedures adopted by the Zone 7 Board in 1986, Zone 7 Staff has reviewed the application and additional information provided by Acorn Onsite, Inc. using Zone 7's Septic Tank Permit Review Decision Tree (Exhibit B). The decision path is as follows:

- The project would result in change in wastewater classification from rural residential, to a combination of residential and commercial uses. With the project fully implemented, the average onsite sewage flow would increase from 320 gpd to an estimated 775 gpd. See attached Project Wastewater Loading Worksheet, Exhibit C.

- The proposed use conforms to the Zone 7 Wastewater Management Policy (WMP) that permits a maximum wastewater loading of 1 RRE/5 Acres when no community sewerage system is available. The parcel is located outside of the City of Livermore and outside of the Urban Growth Boundary, therefore, connecting to the municipal sewer service is not an option; nor is it anticipated in the near future. The use of the proposed pre-treatment process on all of the commercial sewage flows, and all of the sewage from the new caretaker's unit reduces the additional nitrogen loading to the equivalent of 0.4 RRE (a 70% reduction). When combined with the 1.0 RRE loading from the existing residential unit, the total onsite loading would become 1.4 RRE (see Exhibit C). However, accounting for the parcel being 7 acres in area instead of 5 acres, the corresponding prorated onsite loading is about the same as 1 RRE/ 5 Ac, which is permitted by the Wastewater Management Plan Policy.

- The proposed septic tank use conforms to Zone 7's Resolution 1165. Resolution 1165 prohibits the use of septic tanks for new commercial developments overlying the groundwater basin unless it can be satisfactorily demonstrated to the Board of Directors that the wastewater loading will be no more than that from "an equivalent rural residential unit." A portion of the loading will come from a commercial use (i.e., restrooms for business patrons and employees); however, as demonstrated by the information submitted by the wastewater system design engineer, and the loading calculation in Exhibit C, the project would result in 1 RRE/ 5 Ac. wastewater loading equivalence. Furthermore, the sewage generated by the commercial aspect would be the same type and strength as rural residential wastewater, and the commercial operations do not involve the use of significant quantities hazardous materials or wastes.

- Based on staff's assessment of the information provided by the applicant, staff recommends that the proposed septic tank use be approved and the project be deemed to be in compliance with Zone 7's Resolution 1165. The Zone 7 Board issued a similar approval in 2006 for the horse boarding facility operating as the Greenville Equestrian Center, a slightly larger operation, in the same general vicinity. Staff concludes that there is no significant risk of contamination to the groundwater basin from the proposed septic tank use. The management of groundwater contamination risks from horse boarding facilities is being addressed through the County's CUP process, and by Zone 7's future update of its Salt and Nutrient Management Plan for the Livermore Valley Groundwater Basin, which is currently in progress.

EXHIBITS:

Figure 1: Project Location Map
Exhibit A: Septic Tank Application for Non Residential Use
Exhibit B: Zone 7 Septic Tank Approval Decision Tree
Exhibit C: Project Wastewater Loading Worksheet

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Authorization of a Commercial Use of a Septic System for a Grasso Horse Boarding Facility located at 11398 Tesla Road, in South Livermore (APN 099A-2120-001-03)

WHEREAS, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District adopted the Wastewater Management Plan for the Unsewered, Unincorporated Area of Alameda Creek Watershed above Niles (Resolution No. 1037, May 19, 1982) to protect the surface and ground water resources within the Zone; and

WHEREAS, said Wastewater Management Plan provides for strict controls on the use of septic tank/leach field systems which may affect groundwater quality within the Zone 7 area; and

WHEREAS, the Board of Directors adopted a policy prohibiting the use of septic tank/leach field systems for new development zoned for commercial or industrial uses which overlies the central groundwater basin unless it can be satisfactorily demonstrated that the wastewater loading be no more than the loading from an equivalent rural residential unit (Resolution No. 1165, August 28, 1986); and

WHEREAS, on October 15, 1986, the Board of Directors approved a Zone 7 Septic Tank Review Procedure for commercial/industrial development, and said Procedure provides for Special Review by the Board of Directors of Septic Tank Permit Applications for Non-residential Use; and

WHEREAS, by application dated December 17, 2012, Mr. Philip Grasso seeks approval for use of a septic tank system for a commercial horse boarding facility on a 7-acre parcel located at 11398 Tesla Road, in South Livermore (APN 099A-2120-001-03); and

WHEREAS, the total wastewater loading per 5 acres generated onsite by all uses, residential and commercial, will be no greater than one equivalent rural residential unit; and

WHEREAS, the nature of the commercially-generated wastewater to be disposed to the septic system is similar to rural residential wastewater;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby makes the following findings regarding said application:

1. It is not feasible at this time for the onsite facilities to connect to a municipal sewer;

2. The proposed use conforms to the Zone 7 Wastewater Management Policy (WMP) that allows a maximum wastewater loading of one rural residential equivalence per five acres (1 RRE/5 Ac) when no community sewerage system is available;

3. The proposed land use does not involve the use, storage or generation of hazardous materials other than those found in typical households;

4. There is no significant risk of contamination to the groundwater basin from the proposed use of the septic system(s).

BE IT FURTHER RESOLVED that said septic tank use is deemed to be in compliance with Zone 7 Resolution No. 1165, but subject to the following conditions:

1. Zone 7's approval is contingent on County Environmental Health Department's approval and oversight during the construction, operation and maintenance of the system.

2. No wastewater disposal, other than that specifically approved herewith, is allowed without prior approval by the Zone 7 Water Agency.

3. When a public sewer is extended to within 200 feet of any onsite dwelling connected to the septic systems, the septic system shall be abandoned, and all building sewers shall be connected to the public sewer.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

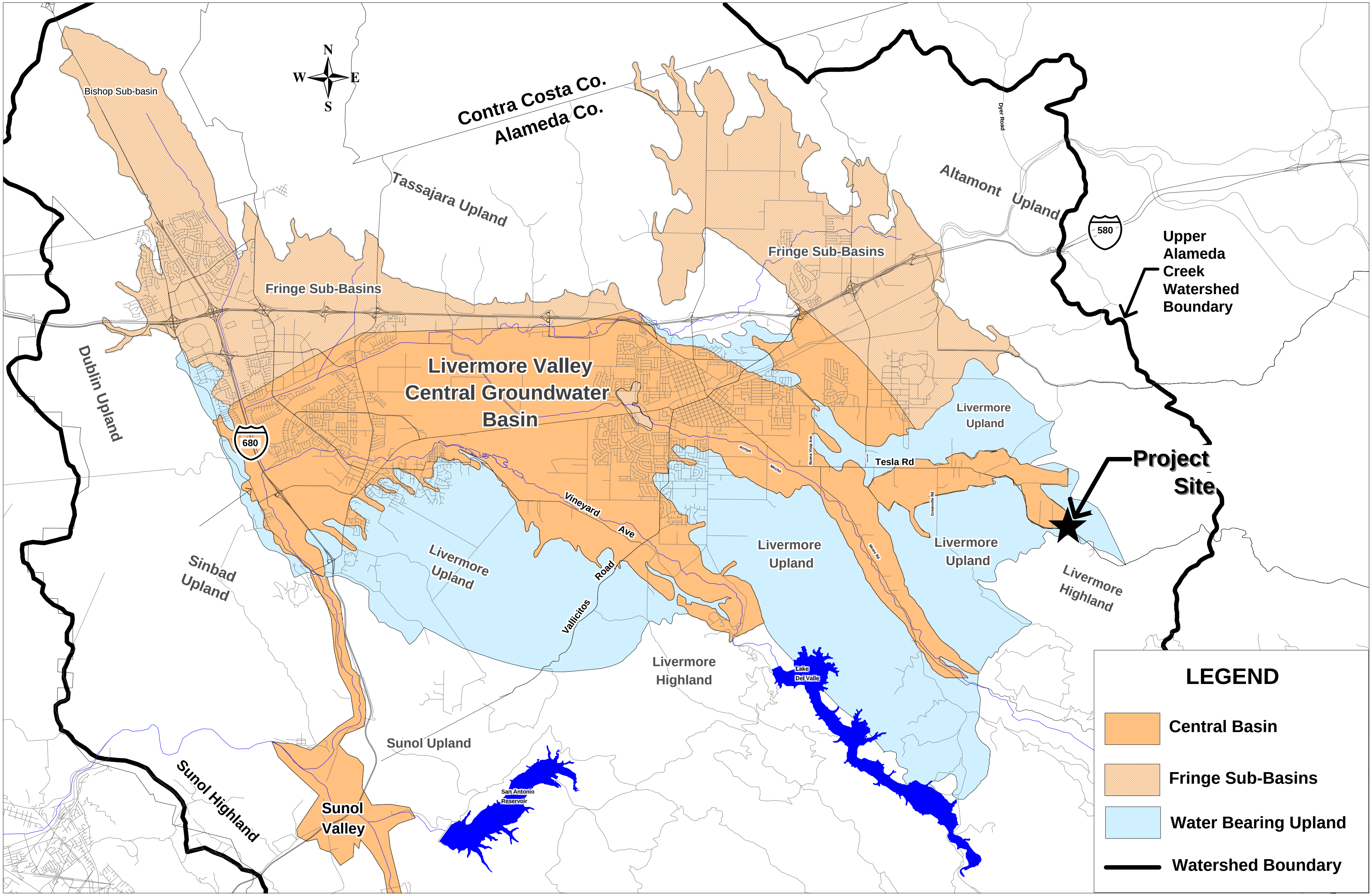
NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on January 16, 2013.

By ____
President, Board of Directors



	Zone 7 Water Agency 100 North Canyons Parkway Livermore, CA 94551	PROJECT LOCATION: Grasso Horse Boarding Facility 11398 Tesla Rd, Livermore, CA	Date: 1/4/13 Drawn by: M. Katen FIGURE 1

E:\septic\Grasso Horse Facility.WOR

Alameda County Flood Control & Water Conservation District, Zone 7

100 No. Canyons Parkway • Livermore, California 94551 • Phone (925) 454-5000 • Fax (925) 454-5728

Septic Tank Application for Non-Residential Use

For Applicant to Complete

1) Name of Business: N/A

2) Septic Tank Site:

a) Address: 11398 Tesla Rd. Livermore, CA 94550

b) Assessors Parcel No.: 99A-2120-1-3

3) Contact Person:

Name: Phil Grasso

Title: Property Owner

Telephone: 408-314-8562

Fax No: ______

Mailing Address: 11398 Tesla Rd. Livermore, CA 94550

4) Statement of existing use of the property: Residential with horses

5) Statement of proposed use of the property: Equestrian boarding facility and riding academy

6) Attach site map showing locations of septic tank/ treatment/leachfield system, facilities and buildings to be connected to the system, and any wells.

7) Attach description of septic tank/treatment system to be used, and include estimates of the total wastewater loading for the site, and of the nitrogen removal potential of the treatment system, if any.

8) Attach Hazardous Materials Management Plan, or statement of onsite hazardous materials use.

9) Applicant's signature: [signature]

Date: 12-29-12

For Office Use Only (Shaded Areas)

Septic Tank Permit No.: ______

Taken by: ______ Date: ______

(Check Appropriate Action)

Approved:

____ 1) Complies w/Res. No. 1165 Date: ______

____ 2) Exception, Special Review 2 Date: ______

____ 3) Exception, Special Review 1 Date: ______

Disapproved:

____ 4) Non-compliance Date: ______

Permit Conditions

This permit is issued subject to the following General Conditions and to the circled Special Conditions:

A. General Conditions:

1. Limit the number of full-time employees to ____ persons.
2. Comply with policies of Wastewater Management Plan.
3. Comply with all other requirements of federal, state and local jurisdictions.
4. Subject to unscheduled inspections.
5. Connect to community sewerage system when within 200 feet of any property line.

B. Special Conditions:

1. Develop and maintain a Hazardous Materials Management Program as approved by Alameda County Environmental Health Division, Hazardous Materials Management Unit.
2. Provide sampling stations for analysis of suspected contaminants at applicant's expense as follows: ______
3. See attached special permit conditions

W:\Septic\Application Forms\Non-Residential 6-05.doc

EXHIBIT A

Zone 7 Septic Tank Approval
Decision Tree

Applicant: **Philip Grasso**	Case No.: **13-065**
Site Address: **11398 Tesla Rd., Livermore**	
Date: **January 16, 2013**	

(Most septic tank reviews are made when the property owner request the Planning Department for a land use change, rezoning, or parcel split.)

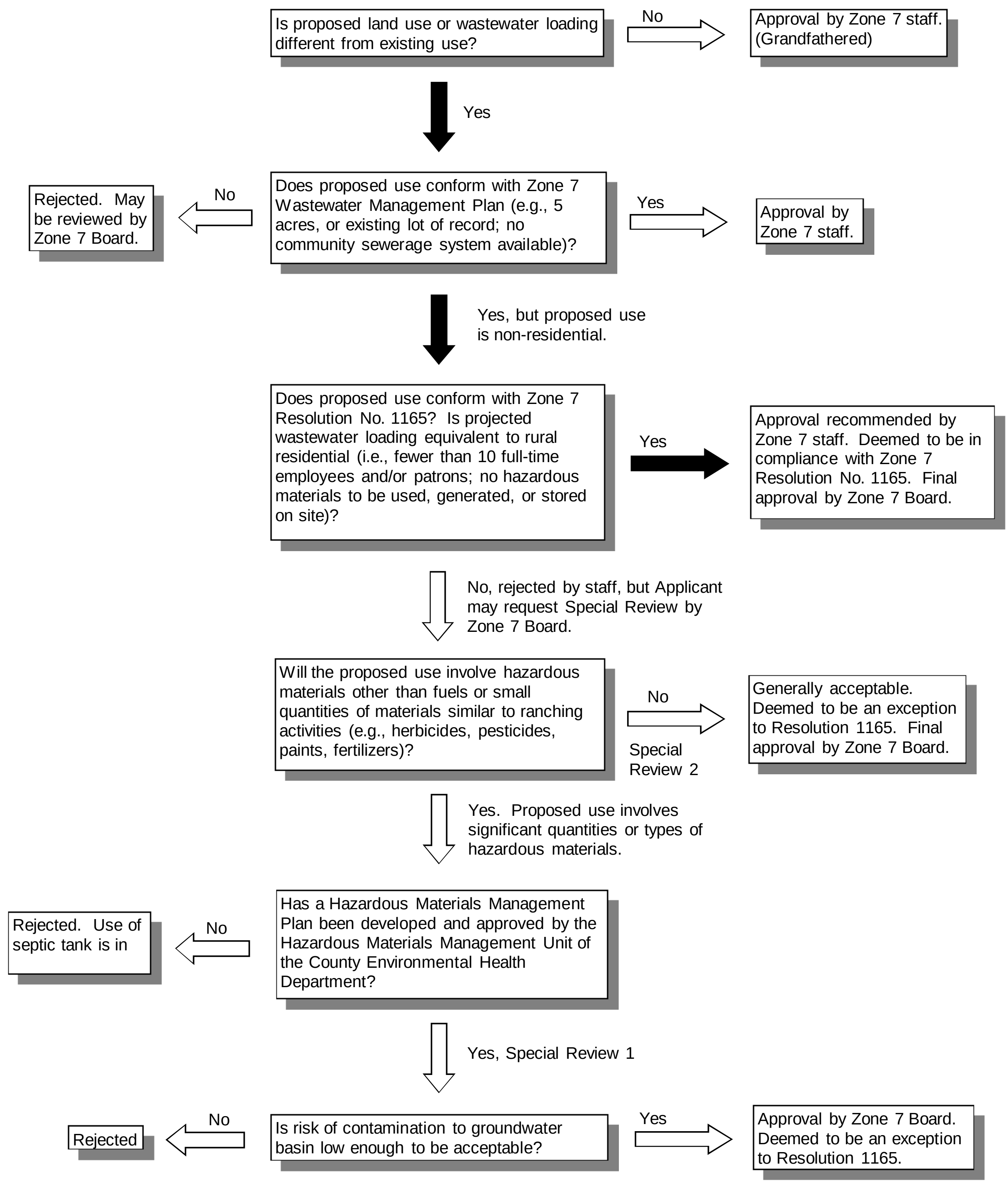


EXHIBIT B

Project Wastewater Loading Worksheet
for
Grasso Horse Boarding Facility
11398 Tesla Rd. , Livermore
(Case # 13-065)

Current Wastewater Loading:

Qty	Loading Description	Sewage Flow Rate	Percent Residential Strength[(4)]	Annual Nitrogen Loading	Total Rural Residential Equivalences[(6)]	Total RRE Pro-rated per 5 Ac[(7)]
1	family dwelling unit	320 gpd[1]	100%	39 lbs N/yr	1 RRE	**0.7 RRE/5 acres**

Proposed Wastewater Loading:

Qty	Loading Description	Sewage Flow Rate	Percent Residential Strength[(4)]	Annual Nitrogen Loading	Total Rural Residential Equivalences[(6)]	Total RRE Pro-rated per 5 Ac[(7)]
1	existing dwelling unit	320 gpd[(1)]	100%	39 lbs N/yr	1 RRE	
2	fulltime employees	30 gpd[(2)]	30%[(5)]	1.1 lbs N/yr	0.03 RRE	
35	customers per day	105 gpd[(3)]	30%[(5)]	3.8 lbs N/yr	0.1 RRE	
1	new dwelling unit	320 gpd[(1)]	30%[(5)]	11.7 lbs N/yr	0.3 RRE	
	Post Project Totals	775 gpd		55.7 lbs N/yr	1.4 RRE	**1.0 RRE/5 acres**

Notes:

(1) Zone 7's standard for average wastewater loading of a single-family rural residential unit
(2) Estimated sewage flow from Table 3, Alameda County Onsite Wastewater Treatment System Regulations (2007)
(3) Estimated sewage flow from Acorn Onsite, Inc.
(4) Assumes average residential effluent concentration = 40 mg/L Total Nitrogen
(5) Assumes pre-treatment process achieves 70% reduction in assumed Total Nitrogen concentration
(6) Based on 1 RRE = 39 lbs N/yr
(7) 5 Ac proration based on 7 Ac actual lot size (i.e., 5/7 x Total RRE)

EXHIBIT C

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

ORIGINATING SECTION: OFFICE OF THE GENERAL MANAGER
CONTACT: Robyn Navarra/Carol Mahoney

AGENDA DATE: January 16, 2013 ITEM NO. 5b

SUBJECT: Integrated Regional Water Management Plan (IRWMP) Proposition 84 Round 2 Grant Application Authorization

SUMMARY:

- In September 2012, the IRWMP member agencies were invited to participate and submit a project in the IRWMP Grant Solicitation Proposal Round 2.
- In December 2012, Zone 7 participated in the IRWMP project screening and the Coordinating Committee meetings on behalf of the water conservation project proponents consisting of eleven project participants and one non-profit.
- IRWMP partners are seeking approximately $20,000,000 in grant funding for the region. The application consists of nineteen projects, of which water conservation is one component. This conservation grant proposal will be focusing on a menu of various outdoor conservation programs.
- Zone 7 is the lead facilitator for the water conservation piece of the IRWMP proposal and will be acting as the fiscal agent for conservation's piece during the application process; however, ABAG/SFEP will be the overall fiscal agent for the grant.
- The shared consultant costs for the conservation portion of the grant application is $14,874.00, of which Zone 7's cost share is $1,112.00. Zone 7 will be collecting the remaining funds for the conservation portion of the grant application from the other conservation partners; however, another agency will act at the fiscal agent for the administration of the conservation programs, should the grant be awarded.
- Although this level of expenditure is within the General Manager's authority, a Board Resolution is required in support of the grant application package.

FUNDING:

Funding is available in Fund 52 Water Enterprise.

RECOMMENDATION:

Adopt the attached resolution of support for an application for grant funding under the California Department of Water Resources Proposition 84 Integrated Regional Water Management Program Proposal Solicitation for Round 2.

FINANCIAL IMPACT:

Should the grant be awarded, the regional conservation portion of the grant would be $2.7 million, of which $200,000 would be allocated to the Zone 7 Water Agency. This conservation grant will provide funding to support Zone 7's conservation effort.

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

WHEREAS, Zone 7 of Alameda County Flood Control and Water Conservation District, (Zone 7) is in partnership with other Bay Area water management agencies to improve water use efficiency in the Greater San Francisco Bay Area and Sacramento service area; and

WHEREAS, the Association of Bay Area Governments (ABAG) and the San Francisco Estuary Partnership (SFEP) are the fiscal agents for the preparation and submission of the application on behalf of the Bay Area Integrated Regional Water Management Plan group for grant funding under the State of California's Proposition 84; and

WHEREAS**,** eleven Bay Area organizations are in partnership to submit a water conservation project as a part of the Proposition 84 Round 2 grant submission; and

WHEREAS, Zone 7 will act as the fiscal agent for the other eleven organizations for collecting the consultant costs for the water conservation portion of the grant application in conjunction with ABAG/SFEP;

NOW, THEREFORE, BE IT RESOLVED, that the Zone 7 Board of Directors does hereby approve and authorize the General Manager to negotiate and execute an agreement with the Association of Bay Area Governments and the San Francisco Estuary Partnership for the preparation and submission of the conservation portion of application for Proposition 84 Integrated Regional Water Management Grant administered by Department of Water Resources.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on January 16, 2013.

By:__________________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: January 16, 2013 ITEM NO. 6a

SUBJECT: Staffing Update: Congratulations to Retiree

SUMMARY:

Continuing our practice of recommending the Board of Directors recognize staffing changes, we are reporting one employee who has retired from Agency service.

Retirement of Rick Andersen, Water Facilities Supervisor

We would like to recognize Rick Andersen, Water Facilities Supervisor, who retired from the Agency on December 31, 2012, after almost 38 years of service. Rick joined Zone 7 in January 1975 as a Water Treatment Operator Trainee. He received his Grade 2 treatment license in August 1975 and was promoted to Water Plant Operator in December of the same year. He received his Grade 4 treatment license in October 1987 and was promoted to Water Facilities Supervisor in August of 2004. Since July of 2007, he has held a T5 treatment license.

We hope you will join us in wishing the best to Rick in his retirement.

RECOMMENDED ACTION:

Adopt the attached resolution acknowledging service to the Agency of Rick Andersen.

WHEREAS, Rick L. Andersen has served the citizens of the Livermore-Amador Valley since his employment with the Zone 7 Water Agency began in January 1975; and

WHEREAS, Mr. Andersen has had many important accomplishments while employed with Zone 7, including:

- Overseeing many upgrade projects at the Patterson Pass Water Treatment Plant (PPWTP), including the ammonia feed project, clarifier project, and the sewer project. While working with the engineering department, he thought of ways of making each project more productive.
- Created many of the Standard Operating Procedures (SOPs) that form the plant's Operations Plans and are used for operations training.
- Constantly worked to condense and optimize the SOP process at the PPWTP Ultrafiltration Plant so that training was efficient and maintenance of the SOP database would be minimal.
- Consistently sought to make the plant as efficient as possible; and

WHEREAS, Mr. Andersen retired from Zone 7 service effective December 31, 2012;

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby acknowledge, commend, and thank Mr. Andersen for his fine public service to Zone 7 of the Alameda County Flood Control & Water Conservation District and the people of the Livermore-Amador Valley.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: Administrative Services
CONTACT: Tom Hughes

AGENDA DATE: January 16, 2013 ITEM NO. 6b

SUBJECT: Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in January and selected the Employee of the Month for November 2012 according to the established Program Guidelines. The individual chosen out of the submitted nominations is then recommended to Management for approval and there is a subsequent announcement of the selection to all Agency employees.

Jack Fong, Associate Civil Engineer in the Facilities Engineering Section, has been chosen from among those nominated as the November 2012 Employee of the Month. Jack was recognized for caring deeply about his work, endeavoring to understand all facets of a project and taking on multiple challenging assignments. Jack is praised for his ability to work in a team and share his knowledge with co-workers, consultants and contractors.

The committee seconded the recommendation and recognized Jack Fong as a valuable employee and an asset to Zone 7, with management approving the selection.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Jack Fong as November 2012 Employee of the Month.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: January 16, 2013 **ITEM NO.** 10a

SUBJECT: GENERAL MANAGER'S REPORT

SUMMARY: The following highlights a few of the key activities which occurred during December. Also attached is a list of the General Manager (GM) contract(s) executed during the month.

Operations and Maintenance:

- Supervisory Control and Data Acquisition (SCADA) communications with the Mocho Groundwater Demineralization Plant have been problematic during recent rain events. Control and monitoring interruptions can be quite extended. Radio communications continue but only with infrequent updates. The dial-up ammonia alarm system (required per the site's Risk Management Plan) remains in service.

- The Del Valle Water Treatment Plant (DVWTP) was offline starting early in the month. While the plant was originally scheduled to come back online in mid-December, the Department of Water Resources (DWR) continued to delay testing of the South Bay Aqueduct and water was not available to put it back on line as planned. To accommodate DWR and Zone 7 work, current plans are to bring DVWTP back online in mid-February.

- Patterson Pass Water Treatment Plant has averaged 10-11 million gallons per day (MGD) with the remainder of the demand being made up with well water, processed through the demineralization plant to the extent possible.

- The well motor in Chain of Lakes Well No. 1 failed. Troubleshooting is ongoing with assistance from the motor's AC drive manufacturer and the original project design engineers. Quotes for the motor repair have been received and are being evaluated.

Engineering and Flood Control:

- In December, staff received an accounting of each partner's current water storage in Semitropic Water District's groundwater banking program. Zone 7 has a total of 85,953 acre feet (AF) of the 976,300 AF total amount of water stored. There remains only 23,700 AF of available (free) storage so the bank is very nearly full.

- A major step forward was taken on acquiring the property adjacent to Patterson Pass Water Treatment Plant from the Department of Water Resources (DWR) when DWR approved Zone 7's appraisal of the property ($297,000). The next step will be an agreement between DWR and Zone 7 for the purchase, which DWR hopes to prepare within the next few months. This will open the door to the future construction of additional residuals drying beds and elimination of the need for mechanical dewatering.

- A certified testing contractor assisted staff in running energy efficiency tests on five of Zone 7's wells. Mocho Wells 3&4 have efficiencies below 70% so have been referred to the PG&E Advanced Efficiency Pumping Program for possible pump repair rebates.

- Three new bank failures along flood control channels resulted from the Christmas week storms, in addition to numerous downed tree branches. These bank failures have been added to the list of work to be performed during next summer's repair program.

Environmental & External Affairs:

- December was another high-precipitation month, leading DWR to increase the 2013 State Water Project (SWP) allocation to 40%. The delivery estimate is expected to rise as more winter storms occur and the snow pack in the Northern Sierras increases (currently, the snow-water content in the Northern Sierra is 54% of the April 1st or end-of-season average; and 127% of normal for this date).

Finance & Administration

- Staff continue to work on implementing the new financial software for a July 1, 2013, in-service date. Note that the monthly Separation & Financial Software staff reports previously provided in board agenda packets will be provided in the future only when significant updates or milestones are achieved.

- Staff used the annual holiday party as a fundraiser for Open Heart Kitchen, raising over $1,000 through a combination of raffles, a silent auction and donations (both by donating auction items and by donating directly to Open Heart Kitchen). Three cheers to everyone for their generosity!

Monthly List of GM Contracts

December 2012

Contracts:

First Building Maintenance	$ 25,452	Janitorial Services for Various Zone 7 Locations
Water Quality & Treatment Solutions, Inc. (WQTS)	$ 24,600	Chloramine Chemistry Operator Training and On-Call Technical Services
John Ford & Associates	$ 5,000	Mediation Services
ABC Security Services	$ 50,000	Stationary Guard and Motor Patrol Security Services
Total December 2012	$105,052	

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: Administrative Services
CONTACT: Boni Brewer/Mike Wallace

AGENDA DATE: January 16, 2013 ITEM NO. 10b

SUBJECT: December Outreach Activities

Recent Outreach Activities

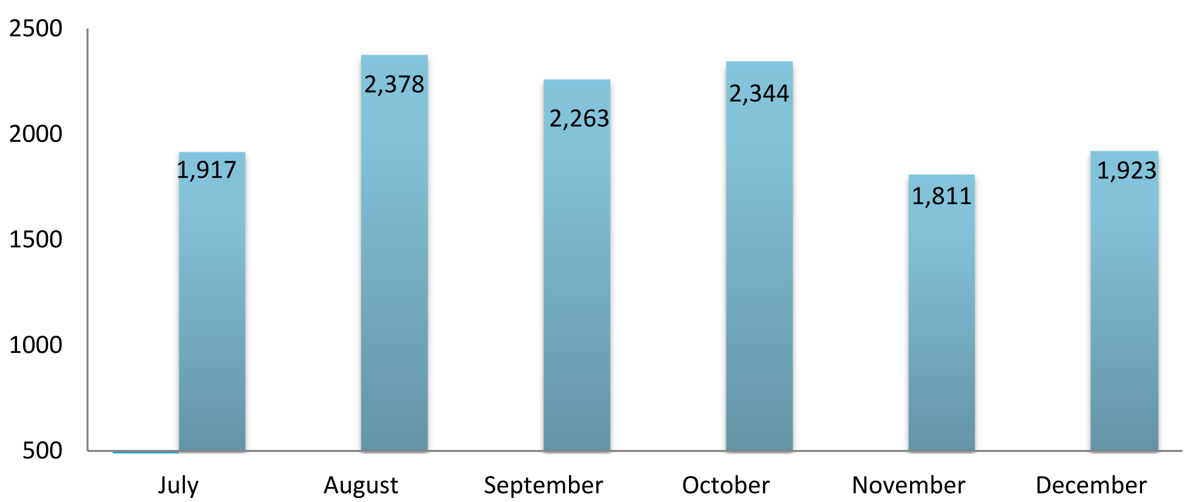
Waterways Newsletter, December 1, 2012

Waterways Newsletter Issue No. 15 began arriving in mailboxes on December 1, 2012. Included in this latest edition were articles covering the Bay Delta Conservation Plan, the correlation of flood protection and water supply, water rates for 2013, preservation of infrastructure, and an invitation for all readers to sign up for Zone 7's e-newsletter.

Christmas Bird Count, December 14, 2012

Zone 7 again provided access to its Chain of Lakes property as part of the fourth annual Eastern Alameda County Christmas Bird Count, hosted by the Ohlone Audubon Society and the Alameda Creek Alliance. Within the Chain of Lakes area, a total 69 species were spotted, including an unusually high number of 49 Horned Grebe. Also spotted were four Great Blue Heron, a Golden Eagle, 10 Anna's Hummingbirds, 242 Ruddy Ducks, 32 White-Crowned Sparrows, a Merlin and an Acorn Woodpecker. Birds also were counted in several of the area's regional parks, SFPUC watershed lands, and birding hotspots including lower Mines Road, Sunol Wilderness, and Springtown Preserve. Although the Valley is relatively new to the Christmas Bird Count, this marked the 113th year of the annual nationwide volunteer-based survey effort coordinated by the Audubon Society to promote bird conservation and assess long-term trends in winter bird populations.

Website activity (total visits over six months/month)



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ORIGINATING SECTION: Administration
CONTACT: Tom Pico/Tim Hunt

AGENDA DATE: January 16, 2013 ITEM NO. 10c

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of the Agency's lobbying firm, The Gualco Group, Inc., and the Agency's legislative support consultant, Tim Hunt, monitors legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.

- The Legislature reconvened on January 7, 2013 with the Democrats holding a supermajority of two-thirds in both houses. The Legislative Analyst's Office forecasts a $1.9 billion gap between expenditures and estimated revenues for the fiscal year that starts July 1, 2013. That compares with this fiscal year's budget gap of $15.7 billion.

- Three spot bills designed to rewrite or reduce the 2009 $11.2 billion water bond were introduced in December, 2012. SB 36 (Rubio) and SB 40 (Pavley) would declare the Legislature's intent to amend the bond to reduce the total proposed amount. SB 42 (Wolk) would start the process over by focusing on Delta levee improvements, habitat restoration and water supplies for impoverished communities without access to clean and affordable water. (Legislation that was passed in 2012 and signed by the governor declares access to clean and affordable water as a right in California.)

- The Gualco Group expects a number of legislative hearings and possibly legislation related to the Bay Delta Conservation Plan, which is scheduled for a "pre-public draft" release in February. The formal public draft will be released later in the year.

- The reinvigorated California Water Commission is considering a definition of "public trust" that would guide future bond issues. This discussion contains a number of challenging topics. For instance, a broad definition of public trust would allow funding for projects outside of the Delta as long as there was a benefit to the Delta. A narrower definition would limit funding only to projects in the Delta.

RECOMMENDED ACTION: Information only

ATTACHMENT: Executive Summary

EXECUTIVE SUMMARY
State Legislation

The Gualco Group, Inc.®

Prepared for the Zone 7 Water Agency, Eastern Alameda County
by The Gualco Group, Inc.
January 7, 2013

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments
Subcontracting				
AB 44 (Buchanan)	Subletting and Subcontracting Fair Practices Act: bidding practices.	This bill would remove the requirement that the location of each subcontractor's business be included in the bid or offer, and instead require that the California contractor license number of each subcontractor be provided.		12/19/2012 Introduced
Water Bond				
SB 36 (Rubio)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012.	This bill would declare the intent of the Legislature to amend the Safe, Clean and Reliable Drinking Water Supply Act of 2012 for the purpose of reducing the amount of the $11,140,000,000 bond.		12/04/2012 Introduced
SB 40 (Pavley)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012.	This bill would declare the intent of the Legislature to amend the Safe, Clean, and Reliable Drinking Water Supply Act of 2012 for the purpose of reducing and potentially refocusing the $11,140,000,000 bond.		12/11/2012 Introduced
SB 42 (Wolk)	The California Clean, Secure Water Supply and Delta Recovery Act of 2014	This bill would repeal the provisions creating the Safe, Clean, and Reliable Drinking Water Supply Act of 2012 as well as the provision to submit the bond act to the voters at the November 4, 2014, statewide general election. This bill would enact the California Clean, Secure Water Supply and Delta Recovery Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a clean, secure water supply and Sacramento-San Joaquin Delta recovery program and would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.		12/11/2012 Introduced
Special Taxes: Voter Approval				
SCA 9 (Corbett)	Local government: economic development: special taxes: voter approval	This measure would amend the State Constitution to provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for community and economic development projects requires the approval of 55% of its voters voting on the proposition (rather than existing 2/3 approval requirement).		12/18/2012

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

100 NORTH CANYONS PARKWAY LIVERMORE, CA 94551 PHONE (925) 454-5000 FAX (925) 454-5727

ORIGINATING DIVISION: ADMINISTRATIVE SERVICES
CONTACT PERSON: JAVIA GREEN

AGENDA DATE: January 16, 2013 ITEM NO. 10d

SUBJECT: Quarterly Update of Expansion Fund

SUMMARY:

- A $60 million (M) Installment Sale Agreement (ISA) was established with Wells Fargo Bank in January 2008, to fill a funding shortfall for the Altamont Water Treatment Plant and Pipeline Project. A portion of the project, the Altamont Pipeline - Livermore Reach, has been constructed. On February 17, 2010, Zone 7 drew $30.5M from the ISA and payback is required by January 1, 2014.

- Staff prepares quarterly updates of this fund to assure cash availability for ISA payment by the end of 2013.

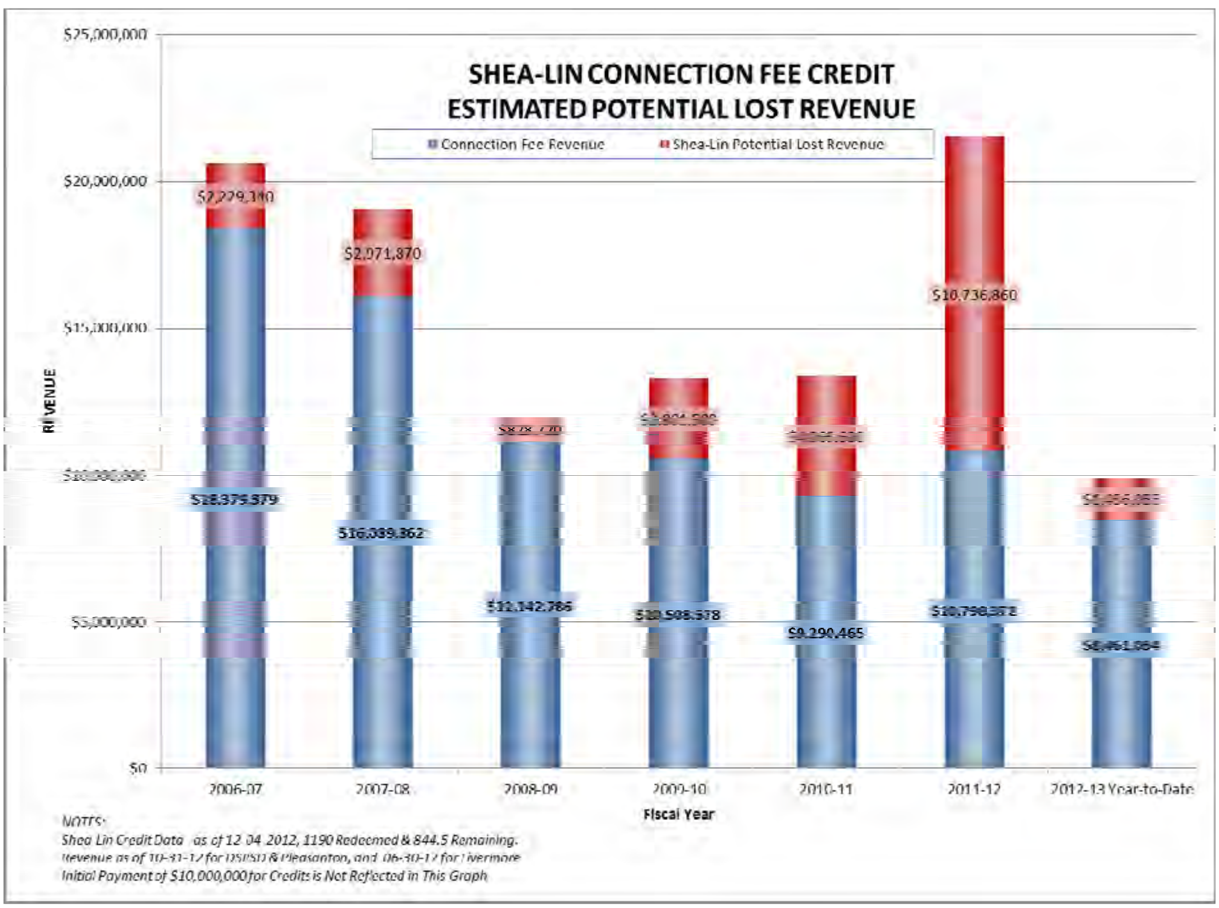
- Projected sources and uses of funds and year-end available funding through Fiscal Year 15/16 is as follows:

Fiscal Year	Actual/Projected Equivalent Connections[1]	Actual/Projected Total Revenue[1]	ISA Draw/Payback	Actual/Projected Expenses[1]	Projected End of Year Available Funding[2]
10/11	435	$11,860,555		$16,172,443	$46,800,014
11/12	489	$12,978,389		$16,990,978	$42,787,426
12/13[3]	520	$14,379,477		$20,491,993	$36,674,909
13/14[4]	760	$25,836,734	($30,503,481)	$20,948,670	$11,059,493
14/15[4]	840	$24,298,851		$25,056,002	$10,302,342
15/16[4]	1930	$52,769,795		$30,967,000	$32,105,137

1. FY 10/11 and FY 11/12 equivalent connections, revenue and expenses are based on actuals. Total revenue shown includes connection fee revenue and other revenue such as interest income and refunds from the Department of Water Resources.
2. Represents the sum of net available funds from cash and ISA after expenses, excluding designated reserves.
3. FY 12/13 projections have been revised downward from previous projections.
4. Projected number of connections, revenue and expenses are based on the FY 12/13 Ten-Year Water System CIP and the 2011 Municipal and Industrial Water Connection Fee Report adopted by the Zone 7 Board on October 19, 2011.

- Based on these revenue and expenditure projections, staff anticipates sufficient funding to pay off the ISA by January 1, 2014. Staff has performed analysis to determine the sensitivity of FY 13/14 projected connections. If connections are similar to the FY 12/13 level, the FY 13/14 available fund balance may fall below the fund balance target. As a contingency, staff has begun evaluating other sources of income in the event that connection fee revenue does not materialize as projected. Staff's preliminary analysis includes inter-fund borrowing and exploring additional financing options with Wells Fargo. Staff plans to bring forward a recommendation to the Finance Committee within a few months.

- <u>Connection Fee Credits</u>
  Per the chart below, 844.5 connection fee credits are outstanding ($20M at the 2012 connection fee level). Of this amount, staff knows that 127 are to be used in Livermore. Staff does not know where the remaining 718 will be used and whether they will be used for the same developments DSRSD received connection fees for in FY 10/11. If credits are redeemed for these developments, a worst-case scenario is Zone 7 may not earn revenue for 718 out of the DSRSD connections from FY 10/11 (about 1700). Since developers are not required to pay the Zone 7 connection fee at the same time the retailer's fee is paid, it is difficult to predict exactly when Zone 7 can expect revenues from these connections or if they will be redeemed as credits. Staff will continue tracking the use of the connection fee credits and provide updates to the Board monthly as part of the staff revenue report.



RECOMMENDED ACTION: Information only.
ATTACHMENTS: Chart 1 - Fund 73 Projected Available Funding;
Fund 73 Five-year Cash Flow Tables

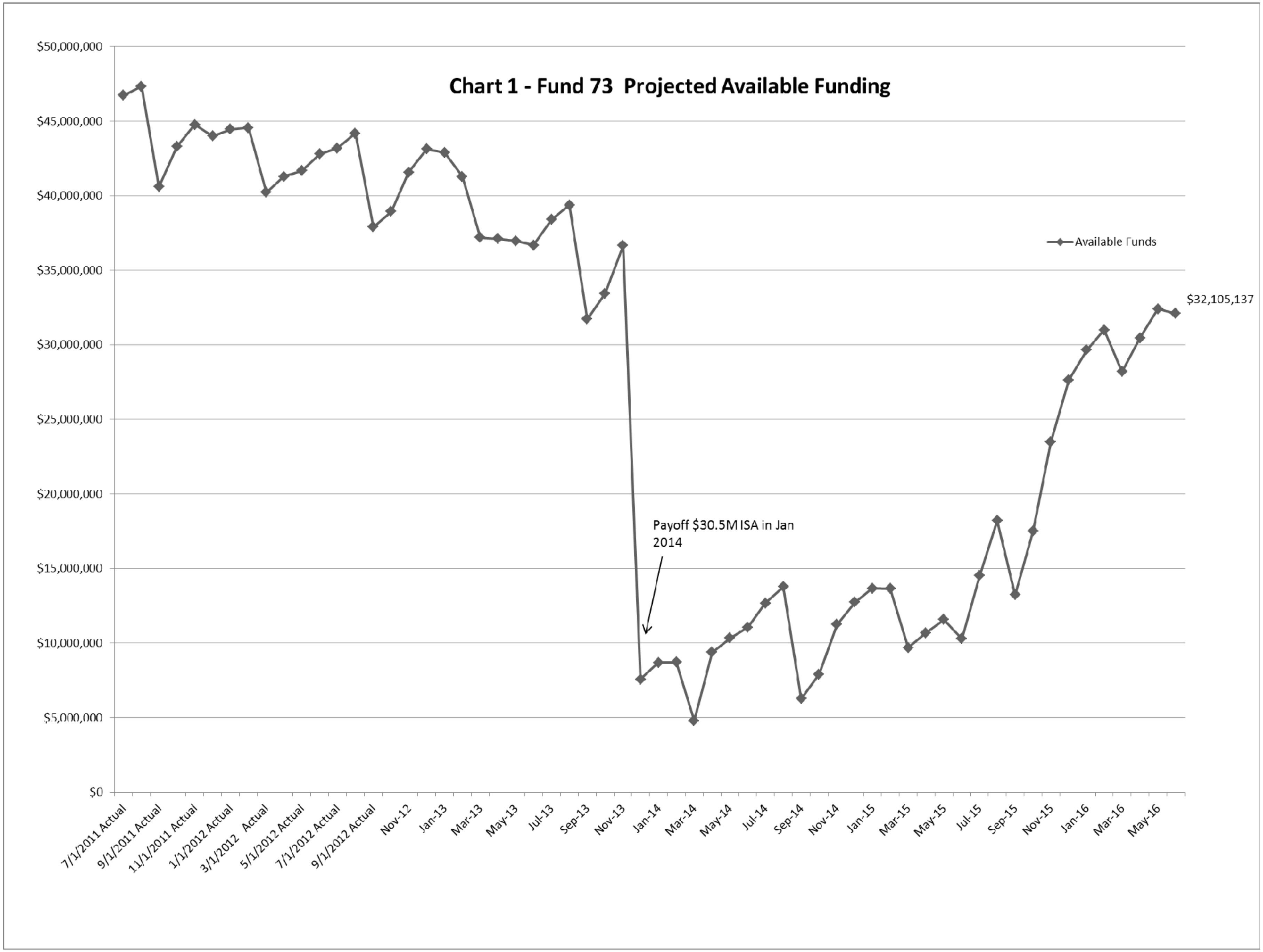


Chart 1 - Fund 73 Projected Available Funding
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
Available Funds
$32,105,137
Payoff $30.5M ISA in Jan 2014
7/1/2011 Actual
9/1/2011 Actual
11/1/2011 Actual
1/1/2012 Actual
3/1/2012 Actual
5/1/2012 Actual
7/1/2012 Actual
9/1/2012 Actual
Nov-12
Jan-13
Mar-13
May-13
Jul-13
Sep-13
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Jul-15
Sep-15
Nov-15
Jan-16
Mar-16
May-16

Fund 73 Cash Flow Tables

	FY 11/12												
	7/1/2011 Actual	8/1/2011 Actual	9/1/2011 Actual	10/1/2011 Actual	11/1/2011 Actual	12/1/2011 Actual	1/1/2012 Actual	2/1/2012 Actual	3/1/2012 Actual	4/1/2012 Actual	5/1/2012 Actual	6/1/2012 Actual	**Sum of Key Data**
Beginning Fund Balance - Projected	*46,800,014*	*46,724,612*	*47,322,004*	*40,597,497*	*43,290,990*	*44,750,306*	*43,991,120*	*44,457,337*	*44,556,367*	*40,213,341*	*41,282,675*	*41,679,248*	
Source of Funds - Projected													**-**
Z7 Connection Fee Revenue	*0*	*0*	*233,267*	*539,189*	*759,266*	*857,627*	*605,212*	*445,279*	*393,017*	*524,457*	*292,414*	*1,721,016*	***6,370,742***
DV Connection Fee Revenue	*0*	*699,720*	*0*	*2,356,410*	*0*	*0*	*267,540*	*0*	*403,370*	*84,920*	*509,520*	*106,150*	***4,427,630***
DWR Refunds					*884,703*					*969,646*			***1,854,349***
Interest Revenue/Prepaid Connections/Other	-	*1,025*	*87,781*	-	*10,651*	*40,004*	-	*25,000*	*34,545*	*19,227*	*8,283*	*99,152*	***325,668***
ISA													**-**
Total Sources of Funds	*0*	*700,745*	*321,048*	*2,895,599*	*1,654,620*	*897,631*	*872,752*	*470,279*	*830,932*	*1,598,250*	*810,217*	*1,926,318*	***12,978,389***
Available Funds - Projected	*46,800,014*	*47,425,357*	*47,643,052*	*43,493,096*	*44,945,610*	*45,647,937*	*44,863,872*	*44,927,615*	*45,387,299*	*41,811,590*	*42,092,892*	*43,605,566*	
Projected Expenditures	*75,402*	*103,353*	*7,045,554*	*202,106*	*195,304*	*1,656,816*	*406,535*	*371,248*	*5,173,958*	*528,915*	*413,644*	*632,068*	***16,804,906***
Sinking Fund Contribution												*186,072*	***186,072***
Net Available Funds and ISA - Projected	*46,724,612*	*47,322,004*	*40,597,497*	*43,290,990*	*44,750,306*	*43,991,120*	*44,457,337*	*44,556,367*	*40,213,341*	*41,282,675*	*41,679,248*	*42,787,426*	
Designated Reserves												*8,994,748*	
Fund Balance and ISA												*51,782,174*	

FY 11/12 Key Data: *Projected Connection Fee Revenue:* *$ 8,501,965* *Projected Expenditures* *$ 17,613,418*
Actually Received *$ 10,798,372* *Actually Spent* *$ 16,990,978*
% of Actual to Projected *127%* *Actually Encumbered* *$ 288,701*
% of Actual to Projected *98%*

	FY 12/13												
	7/1/2012 Actual	8/1/2012 Actual	9/1/2012 Actual	10/1/2012 Actual	11/1/2012 Actual	12/1/2012 Actual	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	**Sum of Key Data**
Beginning Fund Balance - Projected	*42,787,426*	*43,177,288*	*44,179,885*	*37,892,545*	*38,945,375*	*41,566,165*	*43,116,554*	*42,885,204*	*41,282,531*	*37,195,025*	*37,105,920*	*36,974,957*	
Source of Funds - Projected													**-**
Z7 Connection Fee Revenue		*1,509,597*	*1,316,641*	*567,518*	*1,203,137*	*1,836,678*	*646,284*	*646,284*	*646,284*	*646,284*	*646,284*	*646,284*	***10,311,273***
DV Connection Fee Revenue	*445,830*	*0*	*169,840*	*551,980*	*647,515*	*212,300*	*7,308*	*7,308*	*7,308*	*7,308*	*7,308*	*7,308*	***2,071,313***
DWR Refunds					*969,645*				*812,480*				***1,782,125***
Interest Revenue/Prepaid Connections/Other		-	-	*542*	*6,872*	-	*54,645*	*51,512*	-	*53,035*	-	*48,160*	***214,765***
ISA													**-**
Total Sources of Funds	*445,830*	*1,509,597*	*1,486,481*	*1,120,039*	*2,827,169*	*2,048,978*	*708,237*	*705,104*	*1,466,072*	*706,627*	*653,592*	*701,752*	***14,379,477***
Available Funds - Projected	*43,233,256*	*44,686,885*	*45,666,365*	*39,012,585*	*41,772,544*	*43,615,143*	*43,824,791*	*43,590,308*	*42,748,603*	*37,901,652*	*37,759,512*	*37,676,709*	
Projected Expenditures	*55,967*	*507,000*	*7,773,820*	*67,210*	*206,379*	*498,589*	*939,587*	*2,307,776*	*5,553,578*	*795,732*	*784,555*	*773,165*	***20,263,359***
Sinking Fund Contribution												*228,634*	***228,634***
Net Available Funds and ISA - Projected	*43,177,288*	*44,179,885*	*37,892,545*	*38,945,375*	*41,566,165*	*43,116,554*	*42,885,204*	*41,282,531*	*37,195,025*	*37,105,920*	*36,974,957*	*36,674,909*	
Designated Reserves												*9,223,382*	
Fund Balance and ISA												*45,898,291*	

FY 12/13 Key Data: *Projected Connection Fee Revenue:* *$ 12,382,587* *Projected Expenditures* *$ 20,491,993*
Actually Received *$ 8,461,034* *Actually Spent* *$ 9,108,965*
% of Actual to Projected *68%* *Actually Encumbered* *$ 6,684,779*
% of Actual to Projected *77%*

	FY 13/14												
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	**Sum of Key Data**
Beginning Fund Balance - Projected	*36,674,909*	*38,387,424*	*39,366,942*	*31,727,189*	*33,447,787*	*36,656,510*	*7,574,829*	*8,701,424*	*8,727,446*	*4,797,637*	*9,385,262*	*10,337,377*	
Source of Funds - Projected													**-**
Z7 Connection Fee Revenue	*1,786,470*	*1,786,470*	*1,786,470*	*1,786,470*	*1,786,470*	*1,786,470*	*1,245,208*	*1,245,208*	*1,245,208*	*1,245,208*	*1,245,208*	*1,245,208*	***18,190,066***
DV Connection Fee Revenue	*20,554*	*20,554*	*20,554*	*20,554*	*20,554*	*20,554*	*14,333*	*14,333*	*14,333*	*14,333*	*14,333*	*14,333*	***209,318***
DWR Refunds					*1,786,200*				*1,190,800*	*3,579,000*			***6,556,000***
Interest Revenue/Prepaid Connections/Other	*278,190*	-	-	*286,073*	-	-	*254,579*	-	-	*62,509*	-	-	***881,351***
ISA													**-**
Total Sources of Funds	*2,085,214*	*1,807,024*	*1,807,024*	*2,093,097*	*3,593,224*	*1,807,024*	*1,514,119*	*1,259,540*	*2,450,340*	*4,901,049*	*1,259,540*	*1,259,540*	***25,836,734***
Available Funds - Projected	*38,760,123*	*40,194,447*	*41,173,966*	*33,820,286*	*37,041,011*	*38,463,533*	*9,088,948*	*9,960,964*	*11,177,786*	*9,698,686*	*10,644,802*	*11,596,917*	
Projected Expenditures	*372,699*	*827,505*	*9,446,777*	*372,499*	*384,501*	*30,888,705*	*387,524*	*1,233,518*	*6,380,149*	*313,425*	*307,425*	*303,425*	***51,218,151***
Sinking Fund Contribution												*234,000*	***234,000***
Net Available Funds and ISA - Projected	*38,387,424*	*39,366,942*	*31,727,189*	*33,447,787*	*36,656,510*	*7,574,829*	*8,701,424*	*8,727,446*	*4,797,637*	*9,385,262*	*10,337,377*	*11,059,493*	
Designated Reserves												*9,457,382*	
Fund Balance and ISA												*20,516,875*	

	FY 14/15												
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	**Sum of Key Data**
Beginning Fund Balance - Projected	*11,059,493*	*12,678,213*	*13,780,827*	*6,265,147*	*7,917,064*	*11,239,584*	*12,747,705*	*13,673,012*	*13,643,770*	*9,693,923*	*10,683,837*	*11,573,589*	
Source of Funds - Projected													**-**
Z7 Connection Fee Revenue	*2,066,337*	*2,066,337*	*2,066,337*	*2,066,337*	*2,066,337*	*2,066,337*	*1,426,336*	*1,426,336*	*1,426,336*	*1,426,336*	*1,426,336*	*1,426,336*	***20,956,038***
DV Connection Fee Revenue	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	**-**
DWR Refunds					*1,814,400*				*1,209,600*				***3,024,000***
Interest Revenue/Prepaid Connections/Other	*61,301*	-	-	*93,796*	-	-	*63,554*	-	-	*100,161*	-	-	***318,813***
ISA													**-**
Total Sources of Funds	*2,127,638*	*2,066,337*	*2,066,337*	*2,160,133*	*3,880,737*	*2,066,337*	*1,489,890*	*1,426,336*	*2,635,936*	*1,526,497*	*1,426,336*	*1,426,336*	***24,298,851***
Available Funds - Projected	*13,187,130*	*14,744,550*	*15,847,164*	*8,425,281*	*11,797,801*	*13,305,921*	*14,237,595*	*15,099,348*	*16,279,706*	*11,220,420*	*12,110,173*	*12,999,925*	
Projected Expenditures	*508,917*	*963,723*	*9,582,017*	*508,217*	*558,217*	*558,217*	*564,583*	*1,455,578*	*6,585,783*	*536,583*	*536,583*	*532,583*	***22,891,002***
Sinking Fund Contribution												*2,165,000*	***2,165,000***
Net Available Funds and ISA - Projected	*12,678,213*	*13,780,827*	*6,265,147*	*7,917,064*	*11,239,584*	*12,747,705*	*13,673,012*	*13,643,770*	*9,693,923*	*10,683,837*	*11,573,589*	*10,302,342*	
Designated Reserves												*11,622,382*	
Fund Balance and ISA												*21,924,724*	

	FY 15/16												
	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	**Sum of Key Data**
Beginning Fund Balance - Projected	*10,302,342*	*14,552,459*	*18,217,693*	*13,228,532*	*17,511,452*	*23,491,691*	*27,631,930*	*29,651,931*	*30,992,359*	*28,195,181*	*30,453,293*	*32,400,715*	
Source of Funds - Projected													**-**
Z7 Connection Fee Revenue	*3,996,624*	*3,996,624*	*3,996,624*	*3,996,624*	*3,996,624*	*3,996,624*	*2,758,676*	*2,758,676*	*2,758,676*	*2,758,676*	*2,758,676*	*2,758,676*	***40,531,800***
DV Connection Fee Revenue	*854,865*	*854,865*	*854,865*	*854,865*	*854,865*	*854,865*	*589,996*	*589,996*	*589,996*	*589,996*	*589,996*	*589,996*	***8,669,166***
DWR Refunds					*1,815,000*				*1,210,000*				***3,025,000***
Interest Revenue/Prepaid Connections/Other	*79,878*	*-*	*-*	*107,681*	*-*	*-*	*135,579*	*-*	*-*	*220,691*	*-*	*-*	***543,829***
ISA													**-**
Total Sources of Funds	*4,931,367*	*4,851,489*	*4,851,489*	*4,959,170*	*6,666,489*	*4,851,489*	*3,484,251*	*3,348,672*	*4,558,672*	*3,569,363*	*3,348,672*	*3,348,672*	***52,769,795***
Available Funds - Projected	*15,233,709*	*19,403,948*	*23,069,182*	*18,187,702*	*24,177,941*	*28,343,180*	*31,116,181*	*33,000,603*	*35,551,031*	*31,764,543*	*33,801,965*	*35,749,387*	
Projected Expenditures	*681,250*	*1,186,256*	*9,840,650*	*676,250*	*686,250*	*711,250*	*1,464,250*	*2,008,244*	*7,355,850*	*1,311,250*	*1,401,250*	*1,401,250*	***28,724,000***
Sinking Fund Contribution												*2,243,000*	***2,243,000***
Net Available Funds and ISA - Projected	*14,552,459*	*18,217,693*	*13,228,532*	*17,511,452*	*23,491,691*	*27,631,930*	*29,651,931*	*30,992,359*	*28,195,181*	*30,453,293*	*32,400,715*	*32,105,137*	
Designated Reserves												*13,865,382*	
Fund Balance and ISA												*45,970,519*	

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

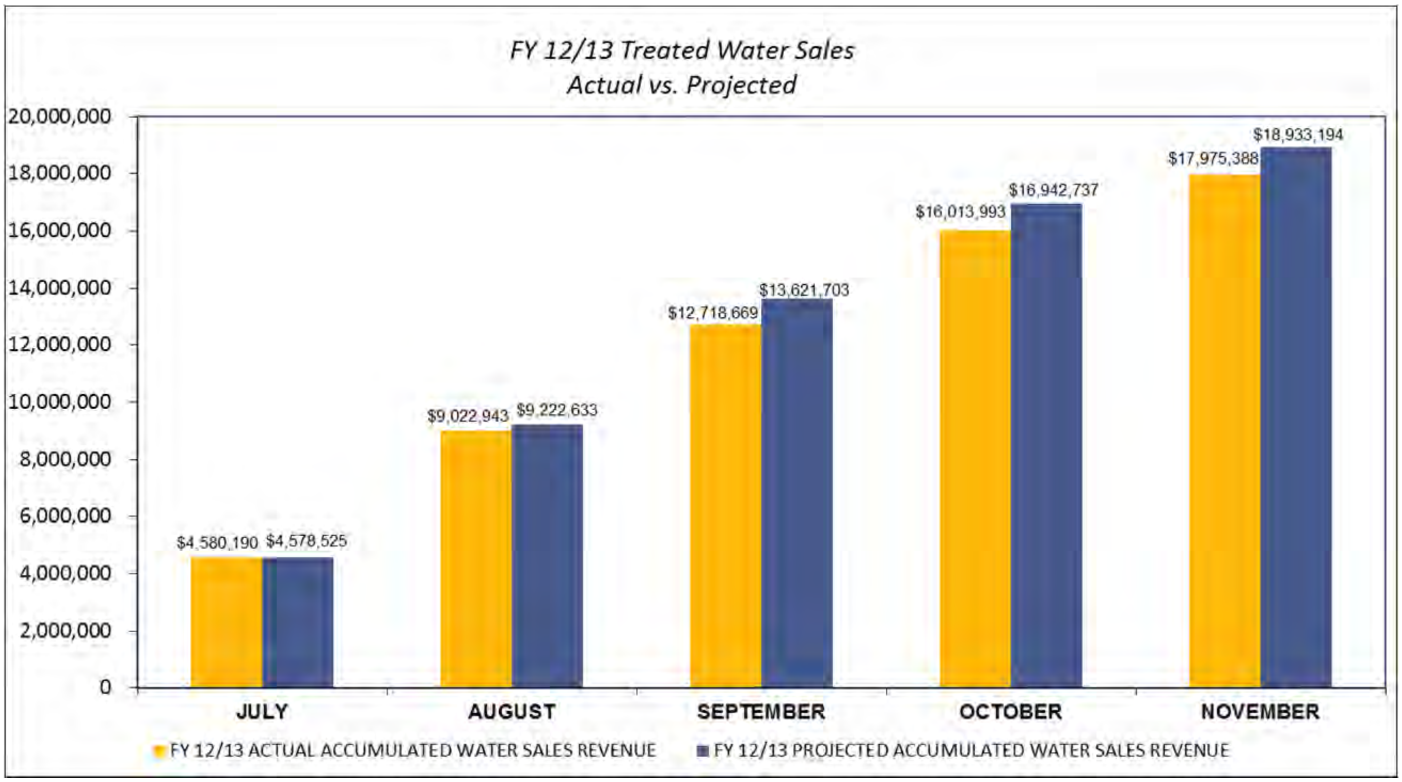
ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: JAVIA GREEN

AGENDA DATE: January 16, 2013 ITEM NO. 10e

SUBJECT: **Report on Water Sales and Connection Fee Revenue**

Treated Water Sales

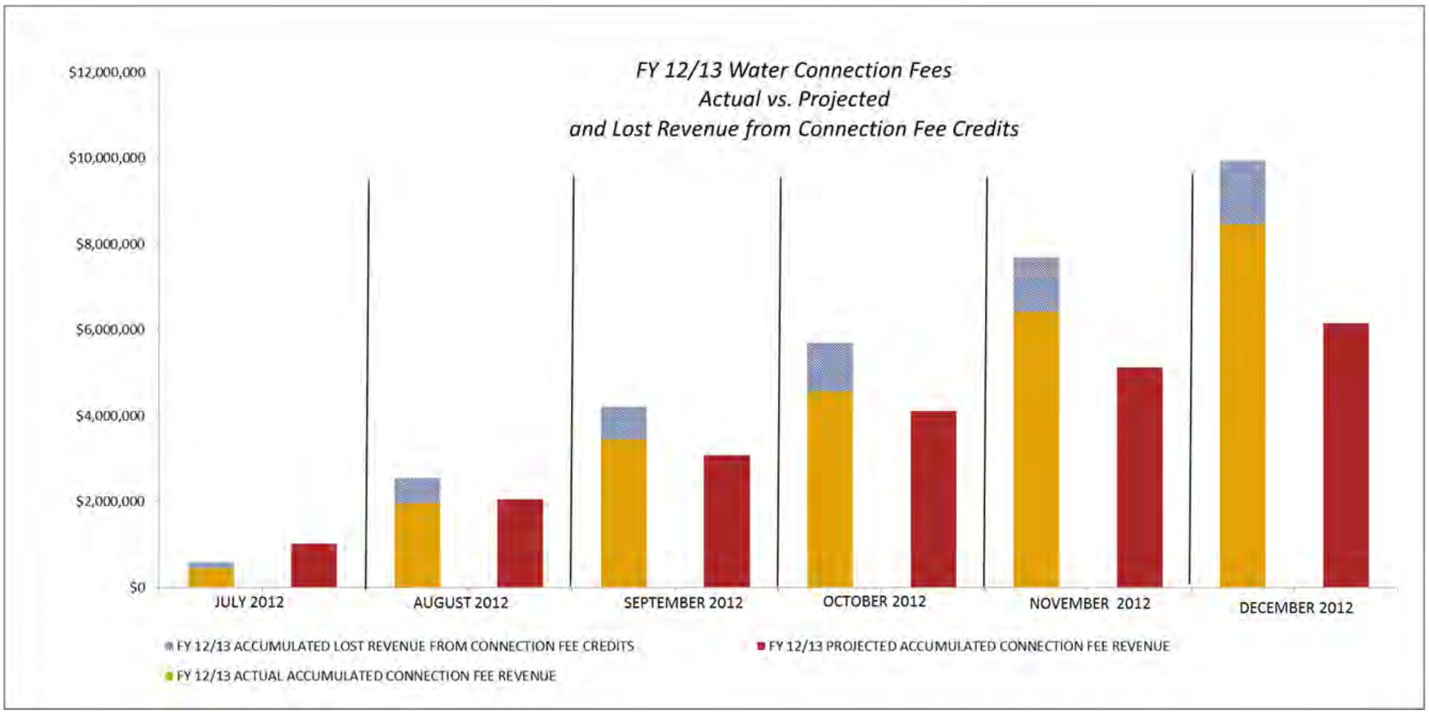
Treated water sales revenue funds the Water Enterprise (Fund 52). Through the end of November 2012, 19,183 acre-feet of water was sold, resulting in actual sales of $17.9M. This is 5% less than the projection of $18.9M (from 20,658 acre-feet). Actual water sales compared to projected sales through November 2012 is shown in the graph below:



Connection Fees

Non-discretionary expenditures (fixed costs) for Fund 73 are close to $20M annually. The expenditures include debt payments for the South Bay Aqueduct (SBA) Enlargement Project, Fourth Contractor's Share of the SBA and the Cawelo Groundwater Banking Program. While development activity is picking up, Staff continues to closely monitor cash flow and prepares quarterly updates of this fund to assure cash availability.

For 12/13, year-to-date (July 1, 2012 – December 31, 2012) connection fee revenue totals $8.4M, about 38% higher than the projection of $6.1M. A total of sixty-four connection fee credits were used totaling $1.4M, while 845 credits remain outstanding ($19.3M at the 2012 connection fee level). Actual connection fee revenue plus lost revenue from credits used for FY 12/13 compared to projected revenue is shown in the graph below:



RECOMMENDED ACTION:

Information only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

ORIGINATING SECTION: Integrated Planning
CONTACT: Amparo Flores/Carol Mahoney

AGENDA DATE: January 16, 2013 ITEM NO. 10f

SUBJECT: Status of the City of Pleasanton's Recycled Water Feasibility Study

BACKGROUND:

To address long-term concerns about maintaining the reliability of regional water supplies, Zone 7 completed the 2011 Water Supply Evaluation (WSE). The WSE evaluated potential new supply sources grouped into three portfolios. One of these portfolios focused on local supplies and explored enhanced recycled water use in the Livermore-Amador Valley (Valley) and was therefore called the In-Valley Portfolio. Recycled water is currently used in the Dublin San Ramon Services District (DSRSD) service area and in portions of Livermore served by the City of Livermore (Livermore). Analysis of the In-Valley Portfolio indicated that significant expansion of the recycled water system in the Valley, beyond planned programs and assumed conservation targets, would be required to reach 75 to 99% reliability under this water portfolio. The WSE therefore recommended additional studies evaluating the feasibility of expanding the Valley's recycled water supply.

In September 2011, the United States Bureau of Reclamation selected the Pleasanton Recycled Water Feasibility Study (Feasibility Study) for grant funding[1]. The Feasibility Study is a joint effort between the City of Pleasanton (Pleasanton) and Zone 7; it helps to address questions about the potential scope of recycled water in the Valley and its impacts both from a supply perspective as well as a groundwater basin management perspective. Its major components include analysis of 1) potential expanded recycled water market, particularly in the Pleasanton area; 2) project alternatives and associated facility requirements; and 3) economic and financial impacts. As a partner in the Feasibility Study, Zone 7 is representing regional interest in recycled water as the region's wholesale water provider and groundwater basin manager. The results from the Feasibility Study will be incorporated into Zone 7's water supply planning and the update of the Salt and Nutrient Management Plan (SNMP) to be completed in early 2014. The Feasibility Study is in the final stages of completion. A description of the study and its key findings are presented below.

[1] The grant is in the amount of $177,750 towards a total project cost of $355,500. Zone 7 is eligible for receiving fifty percent of staff costs incurred.

DISCUSSION:

A. Drivers, Goals, and Scope

Approximately eighty percent of Pleasanton's potable water supply is provided by Zone 7, which imports over eighty percent of its water supply from the Sacramento-San Joaquin Delta (Delta) through the State Water Project (SWP). The future reliability of this supply is uncertain due to legal and environmental constraints in the Delta and potentially increased hydrologic variability due to climate change. While Zone 7 has a water supply contract with the Department of Water Resources (DWR) to receive an amount up to 80,619 acre-feet per year (commonly referred to as 'Table A' amount) from the SWP, the actual amount of water allocated to Zone 7 every year varies based on current hydrologic conditions, water demands of other SWP contractors, SWP facilities capacity, and environmental/regulatory restrictions. According to DWR's 2011 Delivery Reliability Report, the long-term yield from the SWP is projected to be only 60% of Table A amounts.

Introducing recycled water to Pleasanton would help improve the reliability and sustainability of Pleasanton's water supply by providing a locally-controlled and drought-proof supply; reduce Zone 7's overall potable water supply procurement needs; and finally, help Pleasanton meet its per capita potable water consumption reduction target as required by the California Water Conservation Act of 2009 (commonly referred to as Senate Bill X7-7 or 'SBX7-7'). As such, the goal of the study is to evaluate the feasibility of recycled water implementation in Pleasanton and recommend a recycled water project alternative in order to capture the benefits described above.

The Feasibility Study consisted of the following main tasks: 1) a market analysis that quantified supply and demand, 2) the development and evaluation of recycled water program scenarios consisting of various facility types, site locations and sizing options to meet projected demands, 3) an economic analysis that developed cost estimates and potential pricing and identified potential funding sources, 4) a legal and institutional analysis that evaluated opportunities and barriers, and 5) an environmental analysis that evaluated potentially significant environmental impacts. Note that the water quality impacts component of the environmental analysis are being evaluated in more detail by Zone 7 staff as part of the SNMP update effort.

B. Development of Recommended Project Alternative

Potential irrigation customers (parks, schoolyards, golf courses, and multi-purpose facilities [e.g., County fairgrounds, shopping centers]) in Pleasanton were identified based on aerial and GIS maps and also cross-checked with customer irrigation billing records, resulting in 120 groups of potential customers/areas. With the exception of Staples Ranch, all of the sites identified are currently served by irrigation meters that could offset the current use of potable water. Since the meters are dedicated irrigation meters, it is assumed that on-site conversion/retrofit costs would be minimal. Several sites were considered not feasible for recycled water service at this time for various reasons: they are located at a higher elevation, they are known to be cross-connected and not easily separated from the potable system, and they are too small <u>and</u> too far from major recycled water use sites.

The top 20 customer groups, which were found to represent about 70% of Pleasanton's total irrigation demand, were mapped and their locations considered for recycled water supply. Note that the Hacienda Business Park customer group, located along the I-580 in the northern portion of the Pleasanton, represents the largest demand. The potential pipeline route that could serve the majority of the top 20 groups of customers was used as the basis for the logical recycled water service area. Other smaller possible users located along the potential pipeline route were added in.

Pleasanton considered several potential sources of recycled water to meet the demands identified: DSRSD/EBMUD Recycled Water Authority (DERWA), DSRSD, and Livermore. The distinction between the first two sources is primarily an institutional one; the wastewater supply used for recycled water production for DERWA and DSRSD are the same (i.e., wastewater collected from DSRSD and Pleasanton service areas), but DERWA is the Joint Powers Authority that supplies recycled water to EBMUD and DSRSD using tertiary treatment facilities owned and operated by DSRSD. Pleasanton has the option of contracting with either DERWA or DSRSD for recycled water supply. With DSRSD as a potential source, Pleasanton could either participate in the expansion of DSRSD's existing tertiary treatment facilities or build and operate a new facility in the vicinity of the DSRSD Wastewater Treatment Plant (WWTP) using Pleasanton's share of the wastewater collected by DSRSD. Livermore was considered as a source of recycled water for the eastern portion of Pleasanton, specifically Staples Ranch.

Each recycled water source is associated with different facility configurations using existing and new facilities, which have a significant impact on costs. One commonality was the use of Pleasanton's existing 8 million-gallon Tassajara Reservoir, to be converted from potable water to recycled water storage. Due to recycled water's daily pattern of usage (irrigation primarily happens in the evening, over an 8-hour—or even shorter—period), operational storage for daily peaking is a critical component of recycled water project implementation. Under the projected demands for Pleasanton, seasonal storage of recycled water is not needed at this time. In analyzing alternatives, various treatment technologies (e.g., membrane filtration, sand filtration) were evaluated for applicability and costs; different sites were also considered for the potential new facility.

The potential pipeline route, the use of Tassajara Reservoir, and the assumed supply of recycled water from the vicinity of the DSRSD WWTP were hydraulically modeled to determine a reasonable pressure zone boundary. The pressure zone limitation defined the extent of the system that can be supplied without the addition of booster pump stations, and still supply enough system pressure to a site to 'pop' sprinkler heads at the irrigation sites. This limitation, along with the projected wastewater availability and recycled water demands, was used to define the extent of the feasible project and initial phasing.

Attachment 1 (Figure 6.7 of the report) shows the recommended project phases and additional options based on the analysis of the potential customers, as described above, and the facilities that are economically and institutionally feasible. The recommended alternative is divided into two phases, with Phase 1 supplying about 3.8 MGD Maximum Day Demand (MDD) of recycled water or 1,717 acre-feet (AF) of annual demand. In addition to the two phases, two potential options (east and west) could be added to serve surrounding projects for which feasibility was dependent upon a single anchor customer. Under the East Option, Livermore would serve the Staples Ranch area. Implementation of the West Option would mean serving Stoneridge Mall (and other nearby users) with recycled water from the vicinity of the DSRSD WWTP. If both phases and both options are served, the total recycled water supply is anticipated to be approximately 5.5 MGD under MDD conditions or 2,505 AF of annual demand. Table 1 below presents a summary of customer demands for the two phases and two options.

Table 1. Potential Customer Demands for Pleasanton Recycled Water Implementation

Phase	Phase Average Annual Demand (AF/yr)	Phase Maximum Day Demand (MGD)	Cumulative Maximum Day Demand (MGD)	Cumulative Maximum Day Supply[(1)] (MGD)
Phase 1 – Hacienda Area	1,717	3.8	3.8	4.0
Phase 2 – Remaining Feasible Customers	373	0.8	4.6	4.8
West Option – Stoneridge Mall Area	214	0.5	5.1	5.3
East Option – Staples Ranch Area	201	0.4	5.5	5.7
Total	**2,505**	**5.5**	**5.5**	**5.7**

Note:

(1) Includes additional 4-percent factor to account for water loss.

Source: Draft Recycled Water Feasibility Study, December 2012, Carollo Engineers

Based on engineering, environmental, institutional, and economic considerations, it was recommended that Pleasanton buy into the existing tertiary facilities located at the DSRSD WWTP rather than build a new facility. This arrangement would result in reduced costs due to the sharing of facilities and staffing, and reduced environmental impacts. The associated preliminary cost estimates are provided in the following section.

C. Preliminary Cost Estimates

Table 2 below presents the preliminary cost estimates for the two phases and two options identified. The estimates assume that Pleasanton will utilize DSRSD's tertiary facilities and will need to participate in any expansions required along with DERWA. The resulting unit costs in dollars per AF of recycled water supply are also presented in Table 2; they range from approximately $1,200 to $2,400/AF. Phase 1 has significantly lower costs as a result of sharing of treatment facilities, use of existing facilities (e.g., Tassajara Reservoir and some pipelines), and the ability to capture many users within a single pressure zone (less pipelines built and no need for a booster pump station).

Table 2. Preliminary Cost Estimates for Pleasanton Recycled Water Implementation

Name	Capacity (MGD)	Annual Yield (AF/yr)	Dist. System Capital Cost ($M)	Trmt. Capital Cost(3) ($M)	O&M (Annual $M)	Total Capital Cost ($M)	Unit Cost(3) ($/AF)
Phase 1	4.0	1,717	$26.7	$1.9	$0.6	$28.6	$1,174
Phase 2	0.8	373	$5.5	$6.4	$0.3	$11.9	$2,432
West Option	0.5	214	$4.7	-	$0.2	$4.7	$2,055
East Option	0.4	201	$4.4	-	$0.2	$4.4	$2,111
Total	**5.7**	**2,505**	**$41.3**	**$8.3**	**$0.9**	**$49.6**	**$1,369**

Notes:
(1) Assumes debt rate of 3% and 30-year payback period.
(2) Phase 2 is based on adding RWPS and pipelines rather than a new satellite plant. Land acquisition for the pump station is not included in the cost.
(3) Would likely require existing facility buy-in cost.

Source: Draft Recycled Water Feasibility Study, December 2012, Carollo Engineers.

D. Incorporation into Zone 7 Efforts

Zone 7 staff is currently incorporating the recommended project alternative into the update of the SNMP to account for the additional salt loading and evaluate the associated salt mitigation requirements, if any. Zone 7 staff will also be incorporating Pleasanton's plans for recycled water implementation into water supply planning efforts. Note that Phase 1 and the East Option—the two components that are most likely to be implemented in the near-term—represent about 2,000 AF of potable demand reduction; this amount is in-line with the assumption made in the 2011 WSE for the recycled water portion of SBX7-7 compliance. That is, this amount of additional recycled water use in the Valley has already been accounted for in the 2011 WSE potable water demand projections.

Finally, Zone 7 is currently evaluating the feasibility of a recycled water incentive program, designed to support the expansion of recycled water in the Valley. Considerations for such a program include equitable allocation of costs and benefits, and financial viability.

E. Next Steps

The next steps towards recycled water implementation in Pleasanton include:

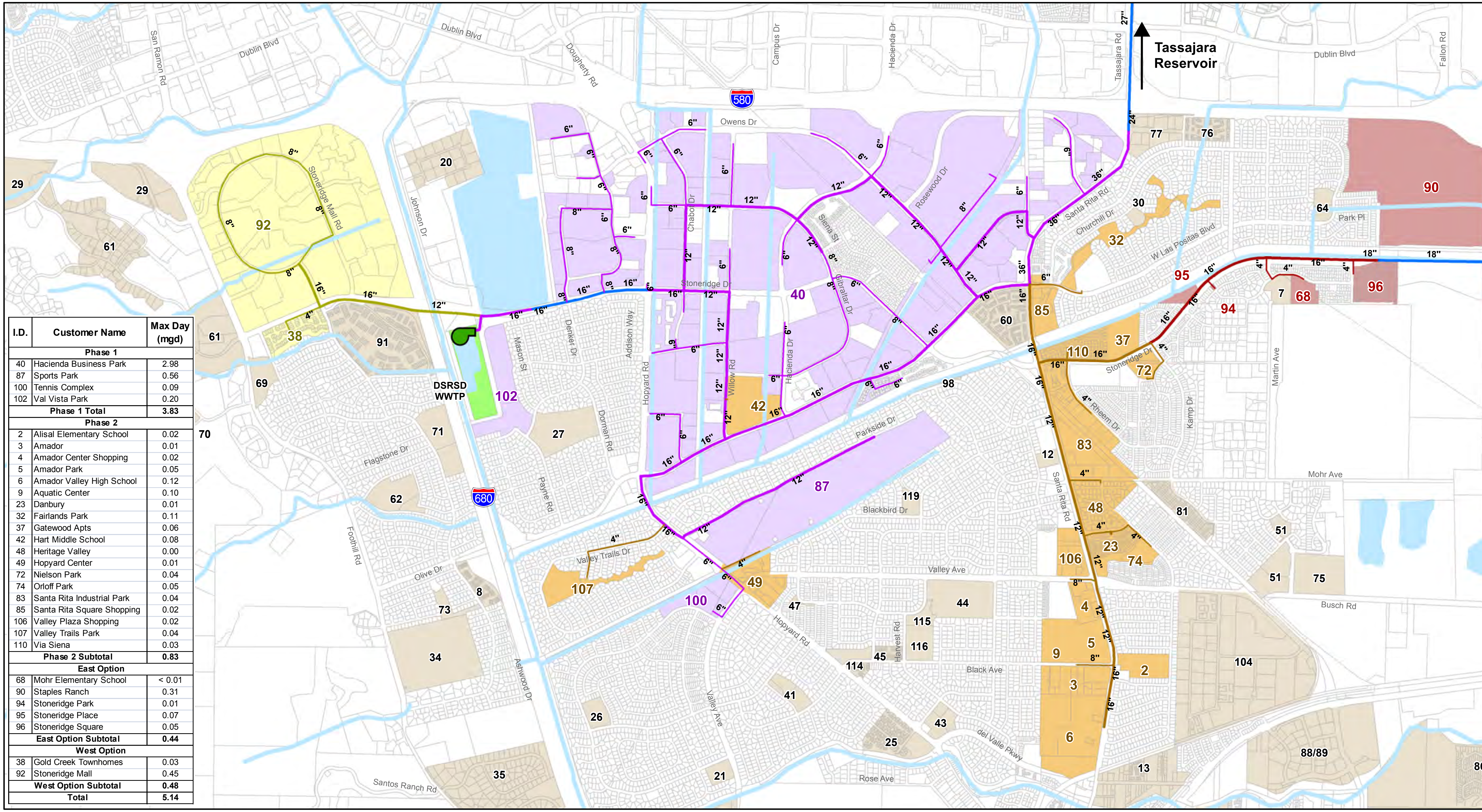
- acquiring permits and clearances from applicable regulatory agencies (e.g., Regional Water Quality Control Board, etc.) in conjunction with Zone 7's update of the SNMP,
- acquiring commitments and agreements from selected sites to use recycled water <u>or</u> implementing a Mandatory Use Ordinance,
- designing and constructing the recommended alternative,

- completing the necessary environmental review documents,
- securing the financing (e.g., through loans, grants, and/or bonds) for the capital costs, and
- preparing a cost-of-service rate study.

As a demonstration project, Pleasanton intends to supply recycled water to Val Vista Park under the authority of the DSRSD Recycled Water program in 2013. Pleasanton's goal is to be able to implement Phase 1 within the next few years. Note that, at this time, Phase 1 and the East Option are the most likely components to be implemented; Phase 2 and the West Option may be implemented depending on future financial and institutional considerations.

ATTACHMENT 1

Pleasanton Recycled Water Feasibility Study (FIGURE 6.7)
Recommended Project Phases and Additional Options



I.D.	Customer Name	Max Day (mgd)
	Phase 1	
40	Hacienda Business Park	2.98
87	Sports Park	0.56
100	Tennis Complex	0.09
102	Val Vista Park	0.20
	Phase 1 Total	**3.83**
	Phase 2	
2	Alisal Elementary School	0.02
3	Amador	0.01
4	Amador Center Shopping	0.02
5	Amador Park	0.05
6	Amador Valley High School	0.12
9	Aquatic Center	0.10
23	Danbury	0.01
32	Fairlands Park	0.11
37	Gatewood Apts	0.06
42	Hart Middle School	0.08
48	Heritage Valley	0.00
49	Hopyard Center	0.01
72	Nielson Park	0.04
74	Orloff Park	0.05
83	Santa Rita Industrial Park	0.04
85	Santa Rita Square Shopping	0.02
106	Valley Plaza Shopping	0.02
107	Valley Trails Park	0.04
110	Via Siena	0.03
	Phase 2 Subtotal	**0.83**
	East Option	
68	Mohr Elementary School	< 0.01
90	Staples Ranch	0.31
94	Stoneridge Park	0.01
95	Stoneridge Place	0.07
96	Stoneridge Square	0.05
	East Option Subtotal	**0.44**
	West Option	
38	Gold Creek Townhomes	0.03
92	Stoneridge Mall	0.45
	West Option Subtotal	**0.48**
	Total	**5.14**

Legend

DSRSD Facilities
- WWTP
- Recycled Water Pump Station

Recycled Water Pipelines
- Existing
- Phase 1 (Recommended Alternative)
- Phase 2
- East Option
- West Option

Potential Users
- Served by Phase 1 Alignment
- Served by Phase 2 Alignment
- East Option – Staples Ranch area
- West Option – Stoneridge mall area
- Potential Customers not Considered Feasible at this time
- Parcels
- Waterbody

0 1,500 3,000 Feet

Figure 6.7
RECOMMENDED DISTRIBUTION SYSTEM ALTERNATIVE
RECYCLED WATER FEASIBILITY STUDY
CITY OF PLEASANTON

pw:\\PHX-POP-PW.Carollo.local:Carollo\Documents\Client\CA\Pleasanton\8889A00\Data\GIS\Figure 7.1 Recommended Alternative Potential Customers and Pipeline Alignment.mxd

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

ORIGINATING SECTION: Engineering
CONTACT: Dennis Gambs/Sal Segura

AGENDA DATE: January 16, 2013 ITEM NO. 10g

SUBJECT: Status of Del Valle Water Treatment Plant Solar Energy Production

SUMMARY:

Del Valle Water Treatment Plant Solar Production

- In May of 2011, Borrego Solar completed construction of the solar facility at Del Valle Water Treatment Plant (DVWTP) through a Power Purchase Agreement (PPA) with Zone 7. Under the PPA, the facility is owned and maintained by Borrego; no capital funding was provided by Zone 7. The PPA has a term of 20 years with an initial purchase rate of $0.12 per kWh which is escalated 3% annually. Zone 7 purchases all of the electricity generated by the facility.

- During the first year of operation the solar facility produced 670,300 kWh of energy. This is approximately 3% more than the 648,608 kWh of energy production estimated by Borrego Solar and is about 1/3 of the total 1,920,400 kWh used at DVWTP for the year. The first year cost savings was $72,773 which compares favorably to the $52,042 savings estimated by Borrego.

- This savings is based on the difference in energy cost that Zone 7 would have otherwise paid PG&E had there been no solar facility. By purchasing solar power, Zone 7 is essentially avoiding PG&E peak power rates. Basically, Zone 7 is minimizing peaking charges from PG&E which are 2 to 3 times greater than off peak rates. Future savings will depend on power usage at DVWTP and PG&E rates; however, at this point the solar facility is delivering the solar power and cost savings as projected.

- The solar project at DVWTP was first identified as a potential project in the Alternative Energy Study prepared by Whitley Burchett & Associates in 2007. This year staff is planning to update the Alternative Energy Study to reflect new facilities, changes in energy usage, current energy costs and any applicable new technologies.

Zone 7 Participation in Other Energy Cost Saving Programs

In addition to the cost savings achieved from the DVWTP solar facility, staff achieved about $127,000 in energy cost savings in 2012 by participating in the following Demand Response Programs and additional future saving are anticipated through a Power Purchase Agreement:

- **PG&E Peak-Day Pricing Program -** Zone 7 has enrolled all major accounts in this program, whereby energy savings are achieved by responding to summertime peak-day events called by PG&E. Essentially, PG&E gives Zone 7 one day advance notice to curtail its energy use between the hours of 2 pm and 6 pm the following day. Zone 7 operations staff has been very successful at coordinating production to shift the load to the hours before and after peak-day events. In 2012, a total of 11 events were called between the months of July and October. This effort earned Zone 7 over $100,000 in energy cost savings during the summer rate period.

- **EnerNOC Capacity Bidding Program** - Similar to PG&E's Peak-Day Pricing Program, Zone 7 has enrolled six qualifying accounts in a second Demand Response program. This is known as dual participation. This program differs from PG&E's in that minimum advance notice is three hours before a curtailment event. The curtailment under this program is also called less frequently than PG&E's. Only three events were called in August 2012 concurrent with PG&E's. This essentially earned Zone 7 a dual incentive for responding to the same event. Zone 7's 2012 incentive payment from EnerNOC is about $27,000.

- **Power Purchase Agreement with Power & Water Resources Pooling Authority (PWRPA) -** Zone 7 entered into an agreement with PWRPA in December 2011 to access power at significantly lower rates than PG&E. In the first phase, four accounts have been designated to transition to PWRPA power. The transition process requires PG&E approval, coordination as well as a filing with the Federal Energy Regulatory Commission (FERC), and installation of physical interconnecting electrical equipment. Patterson Pass Water Treatment Plant (PPWTP) has received all the necessary approvals to proceed with installation of the necessary interconnecting equipment. This work is expected to occur by September 2013. Once transitioned to PWRPA, it is anticipated that PPWTP will save approximately $30,000 per year. Mocho 3, Mocho 4 and the Mocho Demineralization Plant are expected to follow by the end of 2013. These three accounts combined are expected to save approximately $200,000 per year once transitioned to PWRPA.

RECOMMENDED ACTION:

For information only.