



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 SPECIAL MEETING OF BOARD OF DIRECTORS

DATE: Wednesday, October 1, 2014

TIME: 5:00 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}

A G E N D A

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. Draft FY 15/16 Capital Improvement Program

Recommended Action: Information and discussion.

5. Water Rates for 2015 & 2016

Recommended Action: Discuss and provide direction.

6. Preliminary Untreated Water Rate for 2015

Recommended Action: Discuss and provide direction.

7. Verbal Reports

8. CLOSED SESSION

- (a) Conference with Legal Counsel – Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d)
(2): 1 case

9. Adjournment

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

- a) Regular Board Meeting: October 15, 2014, 7:00 p.m.
 - b) Water Resources Committee Meeting: October 6, 2014, 4:00 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.



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ORIGINATING DIVISION: ADMINISTRATIVE SERVICES

CONTACT PERSON: TOM HUGHES/JAVIA GREEN

AGENDA DATE: October 1, 2014

ITEM NO: 4

SUBJECT: Draft FY 15/16 Capital Improvement Program

SUMMARY:

- As part of Zone 7's capital planning and budget processes, staff is preparing the FY 15/16 Capital Improvement Program (CIP). A prioritization committee representing all levels of Engineering, Finance, and Integrated Planning staff has been formed. The prioritization committee's responsibility is to approve and prioritize the list of projects to be presented within the CIP document to the General Manager, Retailers, and Zone 7 Board of Directors based on resources, available funding, and priority. The proposed projects in the first two years of the CIP will serve as the FY 15/16 and FY 16/17 capital budgets.
- The prioritization committee has outlined a CIP Development Methodology to create various portfolios of projects designed to meet Water System goals under various operating conditions. Staff met with the Retailers on September 4, 2014 to discuss this methodology and proposed approach. On September 8, 2014 staff gave a presentation to the Finance Committee describing this methodology.
- As a result of the CIP Development Methodology, staff developed the attached tables which are first drafts of the capital project lists for both the Water and Flood Protection Systems. The lists provide details on the proposed projects and highlights the changes from the last adopted FY 12/13 CIP in October 2011.
- A presentation on the proposed capital project list and projected cash flow will be given. Staff will incorporate comments from the Board and the Retailers, then will bring forward a draft for possible adoption at the October 15, 2014 Board meeting.

RECOMMENDED ACTION:

Information and discussion.

ATTACHMENTS:

Table 1 Proposed Water System Project List - Draft

Table 2 Proposed Flood Protection System Project List - Draft

Table 1. Proposed Water System Project List - DRAFT

#	New since FY 12/13 Adopted CIP	CIP Project	Reference Studies	Strategic Planning Priority	Planned 10-Year CIP Expenditure Total	Start Year	In-ServiceYear
1	Yes	COL Well No. 1,2 & 5 Chromium-6 Treatment	Chromium 6 White Paper and 2013 TM	1.2 Comply with all water quality regulatory requirements.	\$ 14,170,000	2020	2021
2	Yes	DVWTP Washwater Recovery Ponds Improvements	2014 Condition Assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	8,440,000	2021	2024
3	Yes	DVWTP Drying Beds 1-4 Rehabilitation Project	2014 Condition Assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	8,200,000	2020	2023
4	Yes	Stoneridge Well Chromium-6 Treatment	Chromium 6 White Paper and 2013 TM	1.2 Comply with all water quality regulatory requirements.	6,020,000	2020	2021
5	Yes	Booster Pump Station	Proposed Intermediate Pump Station Memorandum, AHE June 11, 2014	1.12 Plan, design and construct additional water treatment plants and transmission facilities as they become necessary.	5,070,000	2015	2016
6	Yes	DVWTP Filter Rehabilitation - Phase 2	AMP ¹	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,330,000	2022	2023
7	Yes	PPWTP Clarifiers Concrete Coating	2012 JDH condition assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,600,000	2022	2024
8	Yes	Hopyard Well 6 & Stoneridge Sodium Hypochlorite Tank Replacement	AMP ¹	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,030,000	2015	2017
9	Yes	DVWTP Carbon Dioxide Installation Project	WQTS Technical Memo, 5/22/2014	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	730,000	2015	2016
10	Yes	PPWTP Rehabilitation Project	AMP ¹	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	700,000	2017	2019
11	Yes	PPWTP Carbon Dioxide Installation Project	WQTS Technical Memo, 5/22/14	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	600,000	2016	2017
12	Yes	MDGP Water Softening System	MDGP Project Needs Assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	530,000	2015	2017
13	Yes	MDGP Concentrate Disposal Pipeline Inspection and Cleaning	2013 Condition assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	520,000	2015	2016
14	Yes	Mocho Well No. 3 OSG R/R	2014 Condition Assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	490,000	2015	2016
15	Yes	PPWTP HVAC Improvements	2014 Condition Assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	430,000	2016	2017

¹. These projects are in AMP but were outside the ten-year planning horizon of the FY 12/13 CIP. In some cases the scope was refined or the schedule was adjusted based on a condition assessment.

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16	Yes	PPWTP-UF Clarifier Floor Rehabilitation Project	2014 Condition Assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	360,000	2019	2020
17	Yes	MGDP De-Mister Modifications	MGDP Project Needs Assessment	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	310,000	2015	2016
18	Yes	Mocho Well No.1 Sanding Investigation	ESR No. DS-13-07	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	300,000	2015	2016
19	Yes	DVWTP Main Plant Generator Replacement	AMP ¹	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	240,000	2018	2021
20	Yes	Hopyard Well No. 6 Inspect & Rehabilitate Pump, Motor, and Well Casing-	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	220,000	2021	2022
21	Yes	Hopyard Well No. 9 Inspect & Rehabilitate Pump, Motor, and Well Casing-	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	220,000	2020	2021
22	Yes	Review of Well Implementation Plan	Draft 2013 Water Production Needs Analysis	1.5 Protect and properly manage groundwater supplies.	220,000	2016	2017
23	Yes	Stream Gage Replacement	CIP	1.5 Protect and properly manage groundwater supplies.	200,000	2024	2025
24	Yes	Transmission System Planning Update	Draft 2013 Water Production Needs Analysis	1.12 Plan, design and construct additional water treatment plants and transmission facilities as they become necessary.	171,000	In Progress	2016
25	Yes	Mocho Wellfield Automation & Control Valves	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	100,000	2015	2016
26	No	South Bay Aqueduct Enlargement Project	2000 Water Supply Master Plan, 2001 Water Conveyance Study	1.3 Ensure long-term water supply reliability for the valley.	151,103,000	In Progress	Ongoing
27	No	Water Supply Replacement	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.3 Ensure long-term water supply reliability for the valley.	60,510,000	2017	2025
28	No	Fourth Contractor's Share of the SBA	Amendments 19 and 20 to Zone 7's water supply contract with DWR.	1.3 Ensure long-term water supply reliability for the valley.	30,000,000	In Progress	Ongoing
29	No	Ozonation at DVWTP	2003 Water Quality Management Program, 2009 Ozone and Peroxone Evaluation Report	1.14 Balance improving water quality with fiscal constraints.	28,310,000	2015	2018
30	No	Reliability Intertie	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.1 Provide safe, adequate, reliable, cost effective drinking water to the retailers for their customers and Zone 7's constituency.	27,000,000	2015	2021

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31	No	Chain of Lakes Facilities and Improvements (COL Pipeline)	2011 Water Supply Evaluation	1.5 Protect and properly manage groundwater supplies.	24,630,000	2018	2021
32	No	Additional Treated Water Storage	Draft 2013 Water Production Needs Analysis	1.12 Plan, design and construct additional water treatment plants and transmission facilities as they become necessary.	13,540,000	2017	2020
33	No	PPWTP Expansion/New Media Filters	Draft 2013 Water Production Needs Analysis 2011 Water Supply Evaluation	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	13,210,000	2015	2018
34	No	Busch-Valley Well 1	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.5 Protect and properly manage groundwater supplies.	13,000,000	2023	2025
35	No	Chain of Lakes Wells 3 & 4	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.5 Protect and properly manage groundwater supplies.	12,970,000	2017	2020
36	No	South Bay Aqueduct Enlargement Project - Sinking Fund	1999 Water Supply Master Plan, 2001 Water Conveyance Study	1.3 Ensure long-term water supply reliability for the valley.	12,900,000	In Progress	Ongoing
37	No	Cawelo Groundwater Banking Program	1999 Water Supply Plan	1.3 Ensure long-term water supply reliability for the valley.	12,470,000	In Progress	Ongoing
38	No	El Charro Pipeline Phase 2	2003 Well Master Plan	1.12 Plan, design and construct additional water treatment plants and transmission facilities as they become necessary.	8,210,000	2016	2020
39	No	Westside Transmission System Improvements	2011 Water Supply Evaluation Report, White Paper	1.12 Plan, design and construct additional water treatment plants and transmission facilities as they become necessary.	7,430,000	2018	2020
40	No	New Water Treatment Plant	2009 Peer Review of the Altamont Water Treatment Plant Site and Treatment Process Study, 2011 PPWTP Expansion Feasibility Evaluation (in progress), 2011 Water Supply Evaluation	1.12 Plan, design and construct additional water treatment plants and transmission facilities as they become necessary.	6,400,000	2024	2028
41	No	Fourth Contractor's Share of the SBA - Sinking Fund	Amendments 19 and 20 to Zone 7's water supply contract with DWR.	1.3 Ensure long-term water supply reliability for the valley.	6,330,000	In Progress	Ongoing
42	No	PPWTP Sludge Handling Improvements	2011 Solids Handling at DVWTP and PPWTP Memo	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	5,300,000	2018	2021
43	No	SCADA Enhancements	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	4,910,000	In Progress	Ongoing
44	No	Administrative & Engineering Building Lease	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	4,715,000	In Progress	2019
45	No	Minor Renewal/Replacement Projects	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	4,390,000	In Progress	Ongoing

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46	No	Administrative & Engineering Building - Sinking Fund (Fund 120 & Fund 130	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	3,877,000	In Progress	2019
47	No	DVWTP Rehabilitation Project	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,470,000	2016	2018
48	No	PPWTP Aqua Ammonia Facility Installation	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,420,000	2018	2021
49	No	DVWTP Interior Coating Improvements to the 4.5 MG Steel Clearwell	2008 Pre-Design Review Report by V&A, 2011 & 2014 Diver Inspection Reports	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,390,000	2015	2016
50	No	DVWTP Ammonia System Replacement	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,250,000	2017	2018
51	No	PPWTP Expansion Transmission Pipeline	Draft 2013 Water Production Needs Analysis 2011 Water Supply Evaluation	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,200,000	2024	2028
52	No	Dougherty Reservoir Recoating	2007 DVWTP Access Road and Parking Lot/Dougherty Reservoir Access Road Pavement Rehabilitation Report, 2011 & 2014 Diver Inspection Reports	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,110,000	2018	2019
53	No	PPWTP Maintenance Yard and Building Improvements	ESR No. Z7-11-01, 2011 PPWTP Expansion Feasibility Evaluation (in progress)	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	2,010,000	2018	2021
54	No	PPWTP Filter Rehabilitation	ESR No. PC-12-01	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,550,000	2016	2018
55	No	Bay Area Regional Desalination - Planning	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.3 Ensure long-term water supply reliability for the valley.	1,500,000	In Progress	2017
56	No	DVWTP Filter Rehabilitation - Phase 1	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,490,000	2017	2018
57	No	Laboratory Equipment Replacement	CIP	1.2 Comply with all water quality regulatory requirements.	1,440,000	In Progress	Ongoing
58	No	MGDP RO Membrane Replacement	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,320,000	2015	Ongoing
59	No	Wellfield Switchboard Replacement Project	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,300,000	2017	2018
60	No	Asset Management Program Management	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,080,000	In Progress	Ongoing

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61	No	Turnout Replacement Program	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,070,000	2022	2025
62	No	DVWTP Chemical Feed Lines and Pumps Replacement	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,050,000	2015	2017
63	No	Distribution System Control Station Replacement	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	1,010,000	2021	2022
64	No	Capital Improvement Program Management	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	934,000	In Progress	Ongoing
65	No	Corrosion Master Plan Update	Corrosion Master Plan	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	830,000	2018	2024
66	No	Monitoring Well Replacements & Abandonments	CIP	1.5 Protect and properly manage groundwater supplies.	780,000	2015	Ongoing
67	No	DVWTP Ferric Chloride System Improvements	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	770,000	2017	2018
68	No	PPWTP Chemical Systems Replacement	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	760,000	2016	2018
69	No	DVWTP HVAC Replacement	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	730,000	2020	2022
70	No	Arroyo Mocho Low-Flow Crossings	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.3 Ensure long-term water supply reliability for the valley.	710,000	2018	2020
71	No	PPWTP Filter Pipe Replacement Project	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	700,000	2017	2019
72	No	PPWTP Clearwell Improvements	ESR No. PC-08-01	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	620,000	2015	2017
73	No	DVWTP Roof Replacement and Rehabilitation for 3.0 MG Clearwell	2009 DVWTP 3 MG Clearwell Structural Engineer Site Visit Report by BCA	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	580,000	2015	2017
74	No	DVWTP Parking Lot Repair	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	540,000	2016	2017
75	No	Arroyo Del Valle Water Right Permit Extension	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.3 Ensure long-term water supply reliability for the valley.	520,000	In Progress	2016

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76	No	Semitropic Stored Water Recovery Unit	2004 Agreement between Zone 7 and Semitropic Water Storage District	1.3 Ensure long-term water supply reliability for the valley.	500,000	In Progress	Ongoing
77	No	High-Efficiency Washing Machine Rebate Program	CIP	5.2 Continue water conservation emphasis in the Agency's public information efforts.	440,000	In Progress	Ongoing
78	No	DVWTP Filter Valves Replacement	AMP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	400,000	2015	2016
79	No	Bay Delta Conservation Plan/Outreach Program	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.3 Ensure long-term water supply reliability for the valley.	380,000	In Progress	Ongoing
80	No	Chain of Lakes Master Planning	2014 Preliminary Lake Use Evaluation for the Chain of Lakes	1.6 Continue implementation and development of planning fo the Chain of Lakes	370,000	In Progress	Ongoing
81	No	SWP Peaking Payment (Lost Hills & Belridge Water Districts)	Amendments 20, 21 and 25 to Zone 7's water supply contract with DWR	1.3 Ensure long-term water supply reliability for the valley.	370,000	In Progress	Ongoing
82	No	Mocho Well 2 - VFD Retrofit	2011 Mocho Well 2 - VFD Retrofit Well Team Memo	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	350,000	2016	2017
83	No	System-Wide Installation of Line Valves	CIP	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	310,000	2015	Ongoing
84	No	Water Quality Management Program	CIP	1.2 Comply with all water quality regulatory requirements.	280,000	In Progress	Ongoing
85	No	Water Conservation Best Management Practices	CIP	5.2 Continue water conservation emphasis in the Agency's public information efforts.	210,000	In Progress	Ongoing
86	No	Mocho 2 Well Improvements/Rehabilitation	2011 Mocho 2 Rehabilitation Project Well Team Memo	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	200,000	2015	2016
87	No	Dougherty Reservoir Access Road Rehabilitation	2007 DVWTP Access Road and Parking Lot/Dougherty Reservoir Access Road Pavement Rehabilitation Report and Zone 7 Staff 2011 Feld Inspection	1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	190,000	2018	2019
88	No	Arroyo Mocho Diversion Facility Coordination & Implementation	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.3 Ensure long-term water supply reliability for the valley.	120,000	In Progress	2016
89	No	Water System Master Plan	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.14 Update long-term water supply planning.	100,000	2015	2016
90	No	High-Efficiency Toilet Rebate Program	CIP	5.2 Continue water conservation emphasis in the Agency's public information efforts.	90,000	In Progress	2018

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91	No	Delta Habitat Conservation and Conveyance Program	2011 Water Supply Evaluation 2010 Urban Water Management Plan	1.3 Ensure long-term water supply reliability for the valley.	80,000	In Progress	Ongoing
92	No	Fixed Cost of Water Entitlement	Amendments 19, 20, 21, 23, and 25 to Zone 7's water supply contract with DWR	1.3 Ensure long-term water supply reliability for the valley.	52,000	In Progress	Ongoing
Total 10-Year Water System CIP					\$ 545,982,000		

Table 2. Flood Protection System Project List - DRAFT

#	New since FY 12/13 Adopted CIP	CIP Project	Reference Studies	Strategic Plan Priority	Planned 5-Year CIP Expenditure Total	Start Year	In-ServiceYear
1	Yes	Arroyo Mocho Floodplain and Riparian Forest Restoration	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.7 Incorporate any implementation of the SMMP into the CIP.	\$ 6,640,000	2015	2019
2	Yes	Arroyo Las Positas Treatment Wetland	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.7 Incorporate any implementation of the SMMP into the CIP.	4,470,000	2015	2017
3	Yes	Slope Stability Study	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	1,520,000	2014	2018
4	Yes	SMMP Financing Strategy and Implementation	2009 Development Impact Fee for Flood Protection and Storm Water Drainage	2.6 Consider alternative funding sources for the SMMP.	1,170,000	In Progress	2016
5	Yes	Stream Maintenance Program & Permitting	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.8 Obtain multi-year programmatic permit and engineering report for stream maintenance.	1,080,000	2015	2016
6	Yes	South San Ramon Creek Iron Horse Trail Floodplain and Riparian Restoration	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	840,000	2016	2019
7	Yes	Living Arroyos Program	July 2013 Board Agenda Item 11. Multi-Party Master Agreement with City of Livermore and Urban Creeks Council for "Living Arroyos Program"	2.4 Collaborate with cities and landowners on flood protection improvements.	530,000	In Progress	2019
8	Yes	Flood Control Hydrologic and Hydraulic Model Improvements and Upgrades	2009 Development Impact Fee for Flood Protection and Storm Water Drainage	2.3 Revisit the SMMP and StreamWISE in light of current and long-term fiscal constraints.	290,000	In Progress	2015
9	Yes	Coordination Studies in Northern Alameda Creek Watershed	CIP	2.4 Collaborate with cities and landowners on flood protection improvements.	171,000	2015	2017
10	Yes	Coordination Studies in Southern Alameda Creek Watershed	CIP	2.4 Collaborate with cities and landowners on flood protection improvements.	171,000	2015	2017

Table 2. Flood Protection System Project List - DRAFT

#	New since FY 12/13 Adopted CIP	CIP Project	Reference Studies	Strategic Plan Priority	Planned 5-Year CIP Expenditure Total	Start Year	In-ServiceYear
11	Yes	Flood Warning System Development and Implementation	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	150,000	2015	2017
12	No	El Charro Phase 2 (SMMP Project R.5-2 - Chain of Lakes)	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.7 Incorporate any implementation of the SMMP into the CIP.	21,200,000	2016	2020
13	No	Rehabilitation of F. C. Channel Embankments	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	6,320,000	In Progress	Ongoing
14	No	System-wide Vegetation Abatement	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	3,020,000	In Progress	Ongoing
14	No	Chain of Lakes Facilities- Flood	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.2 Continue implementation and development of planning for the Chain of Lakes.	1,620,000	2015	2017
1	No	Administrative & Engineering Building Lease (Flood Protection)	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	1,370,000	In Progress	2019
15	No	Construction and Rehabilitation of Maintenance Roads	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	1,110,000	In Progress	Ongoing
16	No	Administrative and Engineering Building - Sinking Fund (Flood Protection)	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	910,000	In Progress	2019
17	No	System-wide Asphalt Paving F.C. Facility Driveway	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	690,000	In Progress	Ongoing
18	No	System-wide Drain Structures Improvements	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	650,000	In Progress	Ongoing

Table 2. Flood Protection System Project List - DRAFT

#	New since FY 12/13 Adopted CIP	CIP Project	Reference Studies	Strategic Plan Priority	Planned 5-Year CIP Expenditure Total	Start Year	In-ServiceYear
19	No	District-wide F. C. Channel Desilting Program	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	570,000	In Progress	Ongoing
20	No	Landscaping & Hydroseeding Channel Embankments	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	570,000	In Progress	Ongoing
21	No	System-wide Concrete V-ditches Improvements	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	460,000	In Progress	Ongoing
22	No	Chain of Lakes Planning - Flood	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.2 Continue implementation and development of planning for the Chain of Lakes.	310,000	2015	2018
23	No	Fences & Gates Installation & Replacement	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	250,000	In Progress	Ongoing
24	No	Sediment Transport Study	2006 Stream Management Master Plan Draft 2008 StreamWISE Project Development and Prioritization	2.8 Obtain multi-year programmatic permit and engineering report for stream maintenance.	160,000	In Progress	2017
25	No	Steelhead and Related Studies	CIP	2.5 Cooperate and collaborate where necessary and beneficial with various state and federal agencies in fisheries restoration and related environmental enhancement efforts.	80,000	In Progress	Ongoing
26	No	Capital Improvement Program Management	CIP	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	25,000	In Progress	Ongoing
Total 5-Year Flood Protection System CIP \$					56,347,000		



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

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

ORIGINATING SECTION: Administration

CONTACT: Tom Hughes /Tamara Baptista

AGENDA DATE: October 1, 2014

ITEM NO. 5

SUBJECT: Water Rates for 2015 & 2016

SUMMARY:

- Water rates for 2015 and 2016 were discussed at the Finance Committee meetings on August 28, 2014 and September 8, 2014.
- Also, meetings were held with the Retailers on September 4, 2014 to discuss water rates.
- Based upon input and feedback at these meetings, staff has calculated the impact of different rates using our rate model.
- Staff has prepared the attached report discussing three rate model calculations:
 1. Baseline-No Water Rate Increase
This rate model calculation was developed in response to the Finance Committee.
 2. 3% CPI for both 2015 and 2016; reduce transfer to AMP to \$7 Million
This rate model calculation was also developed in response to the Finance Committee's request to find a creative way to keep rate increases as low as possible.
 3. 7% increase for both 2015 and 2016
Staff believes that this rate model calculation offers the lowest possible rate increase and has the smallest possible impact on reserves, during the two-year study period.
- Staff met with the Retailers again on September 25, 2014.

FUNDING:

The water rate determines the amount of revenue from water sales to operate the Water Enterprise (Fund 100).

RECOMMENDED ACTION:

Discuss and provide direction to staff.



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

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

Interoffice Memorandum

DATE: October 1, 2014

TO: Jill Duerig, General Manager
Tom Hughes, Assistant General Manager, Administration

FROM: Tamara Baptista, Finance Manager

SUBJECT: Water Rates for 2015 & 2016

SUMMARY:

Two years ago, the Board established a two-year treated water rate schedule for calendar years 2013 and 2014. Setting treated water rates on a two-year basis provides greater predictability and stability, both for our customers and for Zone 7. This approach also streamlines the rate-setting process, which significantly improves efficiencies by reducing administrative staff time spent on treated water rates.

The process for developing this two-year rate schedule includes estimating the cost of service for fiscal years FY 14/15 through 16/17 and estimating revenues. The cost of service includes Water Enterprise Fund (Fund 100) operating expenses and the annual capital contribution to the Renewal and Replacement/System-wide Improvements Fund 120 (the transfer for the Asset Management Program). The operating expenses were calculated using a 'discounted budget' to more accurately estimate actual costs of service. The 'discounted budget' was developed by taking each cost category and determining if cost savings or increased costs were anticipated during the two-year rate period. The contribution to Fund 120 is anticipated to increase annually based on the AMP funding schedule adopted by the Zone 7 Board on June 15, 2011.

Water rates for 2015 and 2016 were discussed at the Finance Committee meetings on August 28, 2014 and September 9, 2014. Staff also held retailer meetings on September 4. Based upon input and feedback at these meetings, staff has calculated the impact of different rates using our rate model. Attachment 1 represents the baseline which shows the impact of no increase in rates. Attachment 2 shows the impact of a 3% CPI increase for the next two years. Both of these calculations were developed as a result of input from the Finance Committee members.

Attachment 3 is a calculation of a 7% increase for the next two years. Based upon the Capital Improvement Program (CIP) presented earlier which details the Agency's capital requirements and the impact on reserve levels, staff is recommending a 7% increase because this is what is necessary

to maintain reserve levels and insure that funding is available for the annual contribution to the Agency Management Plan (AMP). Historically, the Zone 7 Board has annually set treated water rates based on the funding requirements needed to support the water enterprise's annual operations and long-term capital needs. The Rate Model calculations are summarized below: (see Attachments 1, 2 and 3 for details):

- Baseline: No water rate increase

This rate model calculation was developed in response to the Finance Committee.

- In addition to the estimated use of reserves in Fund 100 approved as part of the FY 14/15 budget, this results in additional use of reserves in FY 15/16 (estimated at \$4,970,775) and in FY 16/17 (estimated at \$4,827,445).

- 3% CPI increases for 2015 and 2016 and reduce the transfer to the AMP to \$7 Million in FY 15/16

This rate model calculation was also developed in response to the Finance Committee's request to find a creative way to keep rate increases as low as possible. After the Committee Meeting, Board Member Ramirez-Holmes worked with staff on the development of this rate model. This rate model calculation is based on a 3% CPI in each fiscal year and lowers the contribution to the AMP in FY 15/16 from \$10,500,000 to \$7,000,000. The 3% increase also results in a net decrease in Fund 100 reserves of \$1,783,867.

- This calculation decreases the transfer to the AMP by \$3.5 Million in FY 15/16, effectively reducing reserves in Fund 120 by \$3.5 Million.
- Another impact is the \$1,940,605 use of reserves in FY 16/17. Even though this is offset by a \$156,918 increase in FY 15/16, the net impact is an overall \$1,783,867 reduction in reserves.
- *Note: the CPI increases represent the Consumer Price index – Bay Area increase from June 2013 to June 2014.*

Staff Recommendation:

- 7% increase for 2015 and 2016

The impact on reserves in FY 15/16 is a decrease of \$1,107,451 in Fund 100. In FY 16/17 this decrease is offset by a \$1,332,330 increase, for a small net increase of \$224,879. Staff believes that this option offers the lowest possible rate increase without depleting reserves during the two-year study period. Some of the advantages of maintaining the current level of reserves are as follows:

- There are various unknowns such as the length of time that the drought will continue. The assumption made in all of the rate models is that the cost of water purchases will decrease the operating expenses from \$32.6 Million in FY 15/16 to \$31.8 Million in FY 16/17 because the Agency may pay the cost of replenishing water for the Cawelo and Semitropic groundwater banking programs over time whereas in FY 14/15 and FY 16/17 obtaining water from these programs is necessary for water supply due to the drought and the low allocations from the DWR. Maintaining the current reserve level is an important safeguard in case the drought lasts longer than projected.
- Based upon the analysis of the CIP the reserves must be maintained in order to provide funding for the AMP.

- There is the possibility that expenses will be higher than projected in the rate model due to increased costs passed on to State Water Contractors by the State Department of Water Resources and water supply issues.
- The Agency's share of SWP projects such as the Delta improvements may need to be funded.

Staff met with the retailers again on September 25, 2014. Retailers continued to express concerns with permanent increases that exceed the CPI.

RECOMMENDATION:

Discuss and provide direction to staff.

ATTACHMENTS:

1. Baseline-No Water Rate Increase
2. 3% CPI for both 2015 and 2016 ; reduce transfer to AMP by \$3.5 Million to \$7 Million
3. 7% increase for both 2015 and 2016
4. Reserve Calculations

Baseline -No Water Rate Increase

Calendar Year	2013	2014	2015	2016
Water Rate per AF	\$945	\$970	\$970	\$970
Volume of Water Sales (AF)	41,476	28,911	37,038	39,056

	FY12/13 Audited Actual	FY13/14 Unaudited Actual	FY14/15 Discounted Budget	FY15/16 Forecast Budget	FY16/17 Forecast Budget
Fund 100 - Water Enterprise					
Beginning Fund Balance:	27,289,110	31,495,970	30,634,290	18,774,975	13,804,200
<u>Sources of Funds</u>					
Treated Water Revenue	37,494,692	34,965,126	31,991,106	37,207,717	38,690,702
Other Revenue	1,974,821	1,485,166	783,302	918,507	930,113
Total Sources	39,469,513	36,450,292	32,774,408	38,126,224	39,620,815
<u>Uses of Funds</u>					
Operating Expenses	28,662,653	28,811,973	31,809,799	32,596,999	31,786,500
Transfer to Fund 120	6,600,000	8,500,000	12,823,924	10,500,000	12,661,760
Total Uses	35,262,653	37,311,973	44,633,723	43,096,999	44,448,260
Ending Fund Balance:	31,495,970	30,634,290	18,774,975	13,804,200	8,976,755
Net Additions/(Uses) of Reserves	4,206,860	(861,681)	(11,859,315)	(4,970,775)	(4,827,445)
<u>Reserves Balances(End of Period)</u>					
Operating Reserve	8,308,044	7,182,825	7,930,183	7,064,820	6,643,344
Drought Contingency Reserve	5,861,673	5,861,673	0	0	0
Emergency Reserve	4,113,026	4,197,380	6,530,911	6,739,381	2,333,410
Rate Stabilization Reserve	13,213,227	13,392,411	4,313,881	0	0
Total	31,495,970	30,634,290	18,774,975	13,804,200	8,976,755

Assumptions:

The Board authorized a significant use of reserves in the FY 14/15 budget.
Drought is a one-year event (2014).
Post drought recovery is based on the 1990 drought which was two years, with the first year 14% less than normal and the second year at pre-drought level.

Notes:

For purposes of calculating reserves for this rate model, actual and discounted budget numbers in the rate model are used rather than the adopted budget numbers.

Operating Expenses:

All expense categories were reviewed to determine an appropriate discounted budgeted amount.

3% Water Rate Increase for 2 years/transfer for AMP \$7M

Calendar Year	2013	2014	2015	2016
Water Rate per AF	\$945	\$970	\$999	\$1,029
Volume of Water Sales (AF)	41,476	28,911	37,038	39,056

	FY12/13 Audited Actual	FY13/14 Unaudited Actual	FY14/15 Discounted Budget	FY15/16 Forecast Budget	FY16/17 Forecast Budget
Fund 100 - Water Enterprise					
Beginning Fund Balance:	27,289,110	31,495,970	30,634,290	19,258,321	19,415,239
<u>Sources of Funds</u>					
Treated Water Revenue	37,494,692	34,965,126	32,474,452	38,835,410	41,577,542
Other Revenue	1,974,821	1,485,166	783,302	918,507	930,113
Total Sources	39,469,513	36,450,292	33,257,754	39,753,917	42,507,655
<u>Uses of Funds</u>					
Operating Expenses	28,662,653	28,811,973	31,809,799	32,596,999	31,786,500
Transfer to Fund 120	6,600,000	8,500,000	12,823,924	7,000,000	12,661,760
Total Uses	35,262,653	37,311,973	44,633,723	39,596,999	44,448,260
Ending Fund Balance:	31,495,970	30,634,290	19,258,321	19,415,239	17,474,634
Net Additions/(Uses) of Reserves	4,206,860	(861,681)	(11,375,969)	156,918	(1,940,605)
<u>Reserves Balances(End of Period)</u>					
Operating Reserve	8,308,044	7,182,825	7,930,183	8,126,432	7,924,374
Drought Contingency Reserve	5,861,673	5,861,673	0	0	0
Emergency Reserve	4,113,026	4,197,380	6,530,911	6,739,381	7,000,231
Rate Stabilization Reserve	13,213,227	13,392,411	4,797,227	4,549,426	2,550,029
Total	31,495,970	30,634,290	19,258,321	19,415,239	17,474,634

Assumptions:

The Board authorized a significant use of reserves in the FY 14/15 budget.

Drought is a one-year event (2014).

Post drought recovery is based on the 1990 drought which was two years, with the first year 14% less than normal and the second year at pre-drought level.

Notes:

For purposes of calculating reserves for this rate model, actual and discounted budget numbers in the rate model are used rather than the adopted budget numbers.

Operating Expenses:

All expense categories were reviewed to determine an appropriate discounted budgeted amount.

7% water rate increase for two years

Calendar Year	2013	2014	2015	2016
Water Rate per AF	\$945	\$970	\$1,038	\$1,111
Volume of Water Sales (AF)	41,476	28,911	37,038	39,056

	FY12/13 Audited Actual	FY13/14 Unaudited Actual	FY14/15 Discounted Budget	FY15/16 Forecast Budget	FY16/17 Forecast Budget
Fund 100 - Water Enterprise					
Beginning Fund Balance:	27,289,110	31,495,970	30,634,290	19,908,337	18,800,886
<u>Sources of Funds</u>					
Treated Water Revenue	37,494,692	34,965,126	33,124,468	41,071,041	44,850,477
Other Revenue	1,974,821	1,485,166	783,302	918,507	930,113
Total Sources	39,469,513	36,450,292	33,907,770	41,989,548	45,780,590
<u>Uses of Funds</u>					
Operating Expenses	28,662,653	28,811,973	31,809,799	32,596,999	31,786,500
Transfer to Fund 120	6,600,000	8,500,000	12,823,924	10,500,000	12,661,760
Total Uses	35,262,653	37,311,973	44,633,723	43,096,999	44,448,260
Ending Fund Balance:	31,495,970	30,634,290	19,908,337	18,800,886	20,133,216
Net Additions/(Uses) of Reserves	4,206,860	(861,681)	(10,725,953)	(1,107,451)	1,332,330
<u>Reserves Balances(End of Period)</u>					
Operating Reserve	8,308,044	7,182,825	7,930,183	8,126,432	7,924,374
Drought Contingency Reserve	5,861,673	5,861,673	0	0	0
Emergency Reserve	4,113,026	4,197,380	6,530,911	6,739,381	7,000,231
Rate Stabilization Reserve	13,213,227	13,392,411	5,447,243	3,935,073	5,208,611
Total	31,495,970	30,634,290	19,908,337	18,800,886	20,133,216

Assumptions:

The Board authorized a significant use of reserves in the FY 14/15 budget.

Drought is a one-year event (2014).

Post drought recovery is based on the 1990 drought which was two years, with the first year 14% less than normal and the second year at pre-drought level.

Notes:

For purposes of calculating reserves for this rate model, actual and discounted budget numbers in the rate model are used rather than the adopted budget numbers.

Operating Expenses:

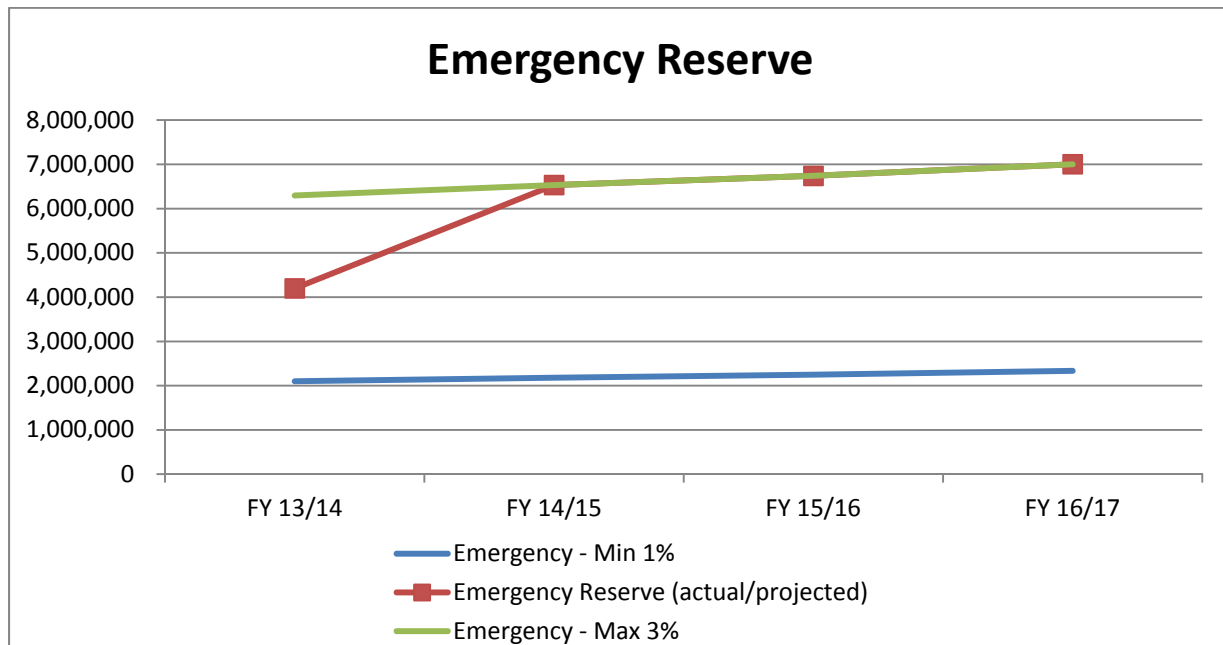
All expense categories were reviewed to determine an appropriate discounted budgeted amount.

EMERGENCY RESERVE

The Emergency Reserve is calculated on the basis of capital assets. The actual/projected Emergency Reserve is calculated based on the maximum reserve starting in FY 14/15.

The Emergency Reserve can be used for any operating or capital purpose to begin repair of the water enterprise system after a catastrophic event, such as, but not limited to, an earthquake, fire, terrorist event, or storm while insurance claims are being processed or in the event of severe financial events that impact the financial soundness of Zone 7.

Emergency Reserve	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Capital Assets	209,869,017	217,697,017	224,646,017	233,341,017
Emergency - Min 1%	2,098,690	2,176,970	2,246,460	2,333,410
Emergency Reserve (actual/projected)	4,197,380	6,530,911	6,739,381	7,000,231
Emergency - Max 3%	6,296,071	6,530,911	6,739,381	7,000,231

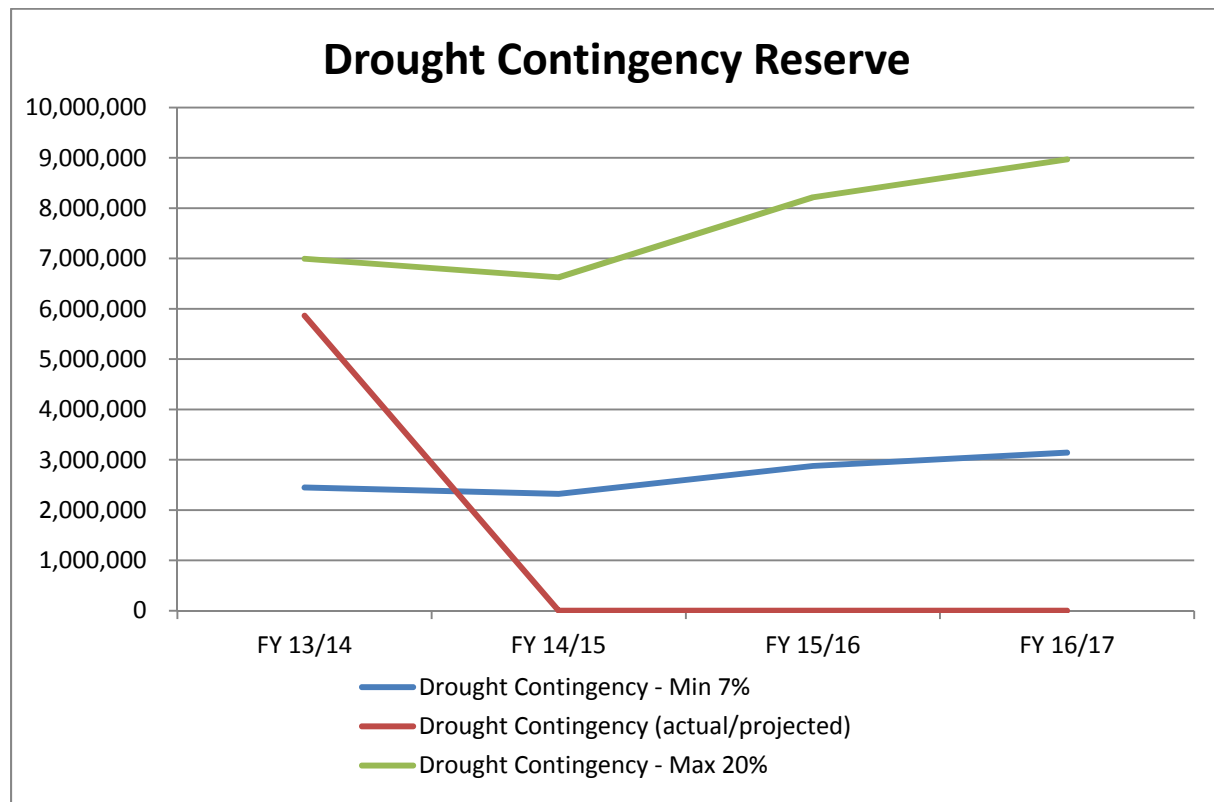


DROUGHT CONTINGENCY RESERVE

The Drought Contingency Reserve is calculated on the basis of annual budgeted treated water sales. The actual/projected Drought Contingency Reserve is based on the FY 14/15 Board Adopted Budget.

The Drought Contingency Reserve supplements losses to water sales revenue resulting from impacts of drought conditions due to regulatory or State and Federal mandated reductions in supply, or an unforeseen event such as a natural disaster, water shortage or other catastrophic event.

Drought Contingency Reserve	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Annual Budgeted Treated Water Sales	34,965,126	33,124,468	41,071,041	44,850,477
Drought Contingency - Min 7%	2,447,559	2,318,713	2,874,973	3,139,533
Drought Contingency (actual/projected)	5,861,673	0	0	0
Drought Contingency - Max 20%	6,993,025	6,624,894	8,214,208	8,970,095

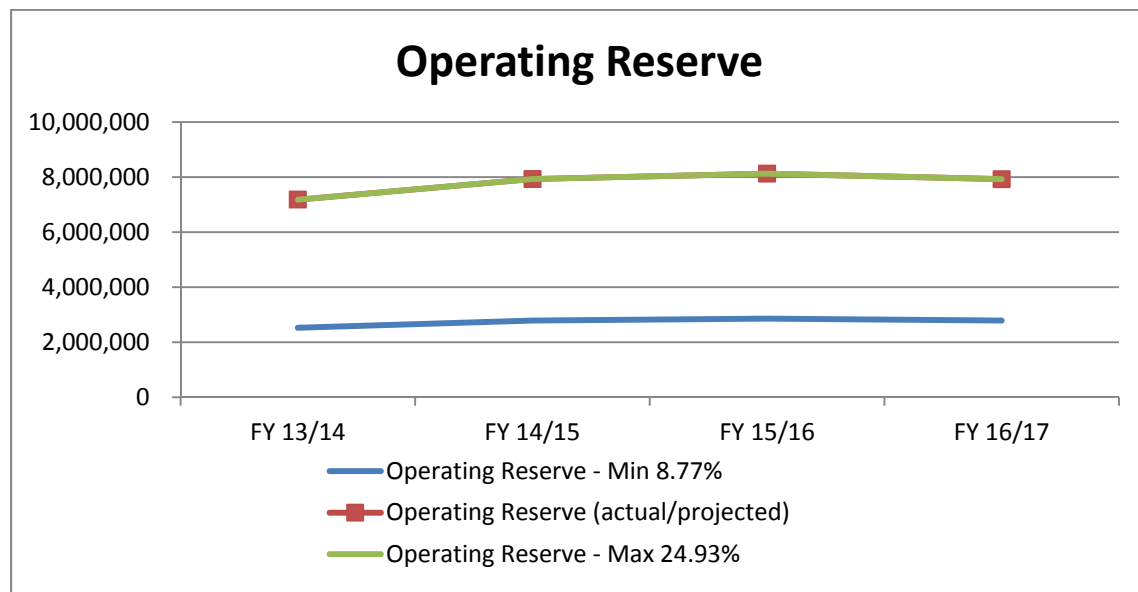


OPERATING RESERVE

The Operating Reserve is calculated on the basis of annual budgeted operating expenses. The actual/projected Operating Reserve is calculated based on the maximum reserve starting in FY 13/14.

The Water Enterprise Operating Reserve is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs. Money on deposit in this fund may be used for unanticipated operating expenses, daily cash flow requirements and emergencies.

Operating Reserve	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Annual Budgeted Operating Expenses	28,811,973	31,809,799	32,596,999	31,786,500¹
Operating Reserve - Min 8.77%	2,526,810	2,789,719	2,858,757	2,787,676
Operating Reserve (actual/projected)	7,182,825	7,930,183	8,126,432	7,924,374
Operating Reserve - Max 24.93%	7,182,825	7,930,183	8,126,432	7,924,374



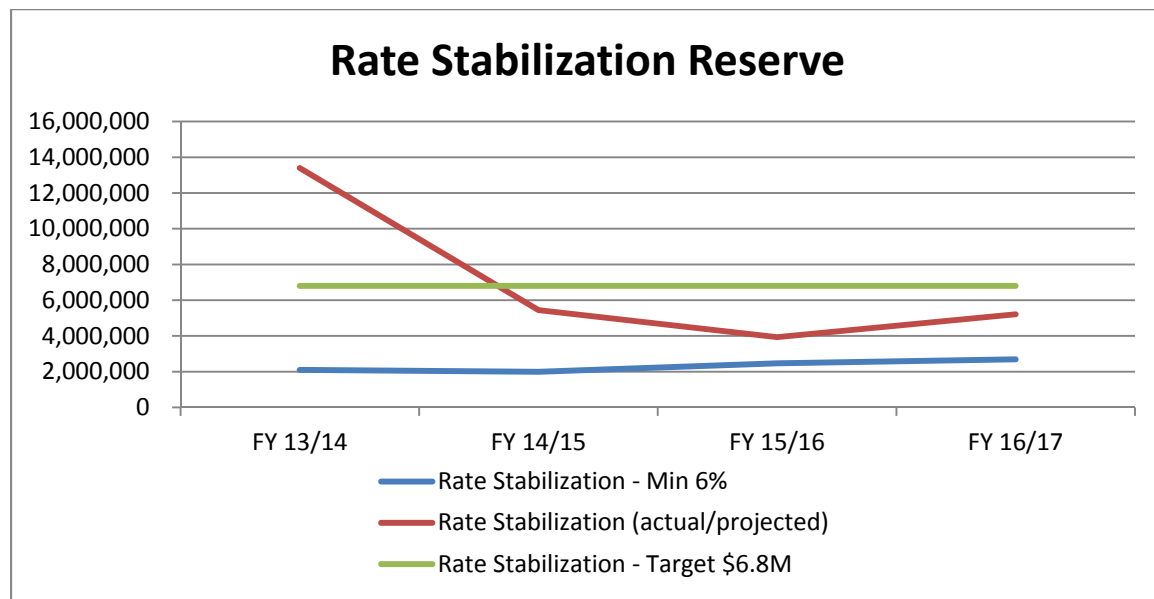
¹ The assumption made in all of the rate models is that the cost of water purchases will decrease the operating expenses from \$32.6 Million in FY 15/16 to \$31.8 Million in FY 16/17 because the Agency may pay the cost of replenishing water for the Cawelo and Semitropic groundwater banking programs over time whereas in FY 14/15 and FY 16/17 obtaining water from these programs is necessary for water supply due to the drought and the low allocations from the DWR.

RATE STABILIZATION RESERVE

The Rate Stabilization Reserve is calculated on the basis of annual budgeted operating expenses. There is no maximum level. The actual/projected Rate Stabilization Reserve is calculated based on the total reserve balance less the balances of all other reserves starting in FY 14/15.¹

The Rate Stabilization Reserve serves as a means to temper the need for significant water rate increases. Ongoing water rate increases are projected to meet the cost of service. The reserve will accumulate revenues for use during periods of unanticipated fluctuations in treated water rate revenues and cost of service.

Rate Stabilization Reserve	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Annual Budgeted Treated Water Sales	34,965,126	33,124,468	41,071,041	44,850,477
Rate Stabilization - Min 6%	2,097,908	1,987,468	2,464,262	2,691,029
Rate Stabilization (actual/projected)	13,392,411 ²	5,447,243	3,935,073	5,208,611
Rate Stabilization - Target \$6.8M	6,800,000	6,800,000	6,800,000	6,800,000



²

Example: In FY 13/14 the Rate Stabilization Reserve is \$13,392,411, which is calculated by subtracting \$17,241,878 (the Operating Reserve of \$7,182,825, the Drought Contingency Reserve of \$5,861,673 and the Emergency Reserve of \$4,197,380) from the total reserves balance of \$30,634,290.



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 DIVISION: ADMINISTRATIVE SERVICES

CONTACT PERSON: TOM HUGHES/TAMARA BAPTISTA

AGENDA DATE: October 1, 2014

ITEM NO: **6**

SUBJECT: Preliminary Untreated Water Rate for 2015

SUMMARY:

- Since 1962, Zone 7 has delivered State Water Project (SWP) water directly from the South Bay Aqueduct (SBA) to untreated water customers for agricultural and other irrigation purposes.
- The untreated water rate is based on the cost of imported water, supplemental water purchases and an administrative fee based on staff costs for 2015.
- The administrative fee calculation is based on the actual time staff spent on the untreated water program.
- Staff proposes an untreated water rate of \$130 per acre-foot (AF) for 2015, which represents an increase of approximately 18% compared to the current rate of \$110, but which is still 30% lower than five years ago. For 2014, there wasn't an increase for the untreated water rates, so they remained the same as 2013. The actual untreated water rates for the past twenty-one years and the 2015 preliminary rate are shown in Attachment 2 – Zone 7 Untreated Water Rate History. As shown in the untreated water history chart, the rates fluctuate every year
- This rate is essentially a pass-through and the increase is primarily due to the cost of importing water. Attachment 1 lists the DWR costs and other components used to determine the untreated water rate.

RECOMMENDED ACTION:

Discuss and provide direction to staff.

ATTACHMENTS:

Attachment 1 - Preliminary Untreated Water Rate Calculation for 2015

Attachment 2 - Zone 7 Untreated Water Rate History

**Zone 7 Water Agency
Preliminary Untreated Water Rate
Calculation for 2015**

1) Volume of Treated and Untreated Water to be Delivered to Contractors (in AF) 42,038

Water Costs	Dollar Amt	per AF
2. Yuba/Dry Year Water Purchase Program	\$90,000	\$2
3. Cawelo Recovery	\$1,440,000	\$34
4. Semitropic Recovery	\$786,940	\$19
5. Del Valle Water Rights	\$3,000	\$0
6. Unit Fixed Cost (2+3+4+5) ÷ (1)	\$2,319,940	\$55
7. SWP Transportation Variable Unit Cost	\$2,375,816	\$57
8. Subtotal Unit Cost (6+7)	\$4,695,756	\$112
9. Zone 7 Administrative costs	\$530,097	\$13
10. Delta Charge	\$252,228	\$6
11. Total Unit Cost (8+9+10) rounded to nearest dollar)	\$5,478,080	\$130

Untreated Water Rate History

