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, October 17, 2012**

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 September 19, 2012

5. Consent Calendar
   a. Consider Changing Date of Regular November Board Meeting Due to Thanksgiving Holiday
   b. Contract Approval for Continuation of Stanley Reach Design with ESA PWA
   c. Exchange of Overhead Electric Line Easements with PG&E Over Arroyo Las Positas near El Charro Road in Livermore
   d. Request for Out-of-State Travel to Attend Upcoming Association of California Water Agencies' DC Conference
   e. Consider Supporting Pleasanton's Petition to Publish Legal Decision
   f. Consider Responding to the Letter from Supervisors Haggerty and Miley

6. Staffing Update:
   a. Employee of the Month Recognition

7. Proposed Revisions to the Current Zone 7 Reserve Policy

   Recommended Action: Adopt resolution.

8. Treated Water/Recharge Rate Schedules for 2013

   Recommended Action: Adopt resolution.

9. Untreated Water Rates for 2013

Recommended Action: Adopt resolution.

10. Proposed 2013 Municipal & Industrial Water Connection Fee

Recommended Action: Adopt resolution.

11. Consider Adopting Revised Reliability Policy for Municipal & Industrial Water Supplies

Recommended Action: Adopt resolution.

12. Consider Amending Strategic Planning Priorities

Recommended Action: Approve revisions.

13. Committees – Liaison Committee, September 11, 2012 – minutes
Finance Committee, October 9, 2012 – notes

14. Reports – Directors

a. Verbal comments by President
b. Written report by Director Quigley
c. Other Directors' Verbal reports

15. Items for Future Agenda – Directors

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

a. General Manager's Report
b. Recent Outreach Activities
c. Legislative Update
d. Status Report on Separation Efforts and Financial Software Replacement Project
e. Report on Water Sales and Connection Fee Revenue
f. Quarterly Update of Expansion Fund
g. Names Used to Collectively Describe Livermore, Pleasanton, Dublin, San Ramon and Surrounding Areas
h. Verbal Reports

17. 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

18. Open Session and Report Out of Closed Session

19. Adjournment

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

    a) Special Board Meeting: November 7, 2012 (if needed)
    b) Regular Board Meeting: November 28, 2012, 7:00 p.m. (assuming Board approves Item 5a)

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

September 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:	JOHN GRECI A J MACHAEVICH SARAH PALMER RICHARD QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	DIRECTOR FIGUERS
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING TAMARA BAPTISTA, FINANCE MANAGER JAVIA GREEN, STAFF ANALYST MIKE WALLACE, STAFF ANALYST JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND (by conference call during closed session)

Item 3 – Citizens Forum – None.

Item 4 - Minutes of the Regular Meeting of August 15, 2012, and Special Meeting of August 22, 2012

Director Ramirez Holmes corrected the minutes of the regular meeting of August 15, 2012, with the note that under Item 10 – Items for Future Agendas – the wording should be revised to reflect that President Palmer placed the Brown Act item on the agenda. Director Quigley moved and Director Greci seconded a motion to approve the revised minutes for the August 15, 2012, meeting and the minutes for the Special Meeting of August 22, 2012. The motion was approved by a vote of 6-0 with Director Figuers absent.

Item 5 - Consent Calendar

President Palmer and Director Ramirez Holmes asked that Consent Item 5a be pulled for clarification. Director Ramirez Holmes asked that Consent Item 5c also be pulled.

Director Stevens moved to approve Resolution No. 13-4217 for Consent Item 5b and Director Quigley seconded the motion. The motion was approved by a voice vote of 6-0 with Director Figuers absent.

Resolution 14-4217	Amend the resolution revising the Zone 7 Water Agency Board Policy on Conducting Business.

Director Ramirez Holmes asked that the title of agenda Item 5a be changed with the addition of the words “and Board” so it reads: “Consider Adopting a Resolution Supporting Continuation of Staff and Board Procedures Despite Suspension of Certain Brown Act Requirements.” Director Ramirez Holmes asked that the title change be noted in the minutes. At the Special Meeting on August 22, 2012, one of the main discussion points was that the Agency operate in a transparent manner and this resolution confirms that direction. Director Ramirez Holmes moved and Director Stevens seconded the motion to approve Resolution 13-4216. The motion was approved by a voice vote of 6-0 with Director Figuers absent.

Resolution 14-4216	Continue existing practices to provide government transparency and to provide correct information to the public.

Director Ramirez Holmes pulled Consent Item 5c on responding to the 2012 Alameda County Grand Jury Final Report because comments were made on the Grand Jury report when it first came out. She felt it was unclear if the letter should come to the entire Board for approval. General Manager Jill Duerig said the letter was coming from the Board President and the resolution was asking for authorization for the President of the Board to provide clarifying comments to the Grand Jury. The Ad Hoc Response Committee met and discussed the comments so that the letter could be finalized and received by the Judge by September 21, 2012. Director Quigley moved and Director Machaevich second the motion which was approved by a voice vote of 5-1with Director Ramirez Holmes voting no and Director Figuers absent.

Resolution 14-4218	Authorize and direct the President of the Zone 7 Board to timely provide clarifying comments on the Annual Report.

Item 6 - Staffing Updates

Item 6a – Employee of the Month Recognition

Ms. Duerig informed the Board Jeff Madden, Water Plant Operator III in the Operations Section, was chosen as the July 2012 Employee of the Month. Jeff, who works mainly at the Del Valle Water Treatment Plant (DVWTP), is extremely knowledgeable of water treatment and distribution system operation. He is a natural leader and has stepped up several times serving as Acting Water Facilities Supervisor for DVWTP and the Mocho Groundwater Demineralization Plant (MGDP). He volunteered to give a technical tour of the MGDP as part of the CA/NV American Water Works Association’s Spring Conference. Mr. Madden was not present but the Board applauded him in absentia.

President Palmer moved Agenda Item 10 before Agenda Item 7 so that any members of the Blue Culture Committee present at the meeting could be available for questions or comments prior to the discussions on water rates.

Item 10 - Consider Modifying Mission Statement and Adopting Vision and Value Statements

A committee was formed to clarify the values present in the Zone 7 Mission Statement and develop a draft vision statement and a draft list of values. This committee consisted of members from the Management Advisory Team (MAT) and the Staff Advisory Team (SAT). The drafts were discussed with the Board at the Special Board Meeting on August 22, 2012.

Director Ramirez Holmes said the Board members at the Special Meeting decided not to revise the mission statement. Changes noted on the Mission Statement were clarifying the reference to the Livermore-Amador Valley as discussed in the Special Meeting. Director Ramirez Holmes said she wanted to see the maps of the area for discussion purposes before changing the wording, if needed, in the Mission Statement.

After discussion, the Directors agreed to adopt the Vision and Value statements included in the agenda item but not make any changes to the mission statement at this time. Director Ramirez Holmes made a motion to approve a revised resolution to cover the adoption of the new Vision and Values Statements only and Director Stevens seconded the motion. Resolution No. 13-4219 was approved by a voice vote of 6-0 with Director Figuers absent.

Item 7 - Preliminary Treated Water Rate Proposals

Finance Staff Analyst Mike Wallace gave a presentation the preliminary treated water rates for calendar year 2013 and a suggestion of looking at setting a rate for 2014 as presented to the Finance Committee on August 28, 2012. Staff originally proposed a treated water rate increase of 2.65% (CPI) for 2013 and 2.65% for 2014. After further discussion with the retailers present at the Finance Committee, staff proposed 0% in 2013 and 2.65% in 2014. The Finance Committee directed staff to forward revised proposals to the full Board:

- Proposal A – 0% in 2013 and 2.65% in 2014
- Proposal B – 0% in 2013 and 0% in 2014

Staff also outlined a proposal to create a new reserve and to change the name of the "Rate Stabilization" reserve to the "Drought Contingency Reserve," which will be discussed with the Finance Committee.

Director Greci expressed his opposition to 0% for the second year of the two-year rate increase because he felt it is not possible to predict costs for the second year.

Director Ramirez Holmes advised that the Finance Committee intended to discuss reserves and the drought contingency rate stabilization fund of $5 million a year in excess reserves. She complimented staff on doing a good job of finding ways to save costs but the public expects a reward by not having a rate increase.

Director Quigley asked if the time the South Bay Aqueduct was shut down, what was saved in acre feet and dollar values – what are the real numbers? He also wants to know the cost value of replenishing the groundwater pulled from the aquifer during the shutdown.

Director Machaevich stated he is not in support of 0% for two years but suggested 0% for one year and re-evaluate for the next year. He reminded the Board that they were going to review reserves and get the amounts squared away. He feels there is not enough information about the reserve funds to use the money for repairs, but there may be enough next year due to the South Bay Aqueduct shutdown. He also noted that you can replenish the aquifer but that it would have a cost and water availability is hard to predict.

Director Stevens said two years would help the retailers plan ahead and he supported the first year at 0% and the second year at 2.65%.

President Palmer supported using 0% and 2.65% for two years because of possible infrastructure problems next year but not raise rates higher than 2.65% next year and revisit a lower rate if it is warranted. Proposal A does not use any reserves. She reminded the Board that the reserves are not a slush fund. She agrees with Director Machaevich that we have the potential for lots of problems due to droughts, earthquakes and decaying infrastructure; therefore, it would be inappropriate to have 0% rate increases for two years with that amount of uncertainty. President Palmer suggested adding a "Proposal C" which would be 0% for 2013 and revisit the situation the second year for 2014.

Public Comments: Randy Werner, City of Livermore, said he thinks the rate should be 0% for two years and revisit the second year rate if something extraordinary arises. He suggested baby steps, not giant leaps and bounds when considering rate increases.

Treated water rates will come back to the Board for final approval and adoption at the October 17, 2012 Board meeting.

Item 8 - Preliminary Untreated Water Rate for 2013

JaVia Green, Staff Analyst in Finance, repeated the presentation on the untreated water rate for 2013 that she gave to the Finance Committee on August 28, 2012. Ms. Green explained the untreated water rate increase to $110/af, a 20% increase, for 2013 is due to a pass through of the cost of importing water, supplemental water purchases and program administration costs. Changes to the untreated water rate are considered annually.

During a discussion by the Directors, Director Quigley asked how we have communicated with our untreated customers. All untreated and treated customers were sent an agenda and a copy of the Board item by U.S. mail. Staff received one e-mail with questions and staff is researching the answers to share next month in a staff report for the next Finance Committee.

Staff will bring forward the untreated rate for adoption at the October 17, 2012 Board meeting.

Item 9 - Proposed 2013 Municipal & Industrial Water Connection Fee

Finance Staff Analyst JaVia Green discussed the proposed 2013 Municipal and Industrial Water Connection fee. The M&I program assesses water connection fees with new development in order to fund water system expansion projects required to serve additional water demands from new development. Although the item was for information only, staff recommended that the

Board approve a 2.47% increase at the October 17, 2012 Board meeting. The adjustment is based on the current fees plus inflation (the change in the ENR CCI for September 2011 through September 2012).

Director Machaevich asked what the number of projected annual connections is and Ms. Green answered 512 in 2013.

Item 11 - Committees - Finance Committee Minutes - August 28, 2012 - no comments.

Item 12 - Reports - Directors

a. Verbal comments by President – President Palmer noted that Director Ramirez Holmes made a list of meetings of other agencies that may be of interest to the Board. There was a request to post links from the sites listed on the Zone 7 website.

b. Written report by Director Quigley – Director Quigley made a presentation to the Tri-Valley Conservancy about the history of water but not as a Zone 7 Board member. He discussed in more detail the note in his written report concerning attending the ACWA Regions 5 & 8 joint program "Managing Complex Issues in Tough Times, A Look at Proposition 218 and ESA Impacts on Water Agencies."

c. Verbal reports – President Palmer said she, Jill Duerig and Director Ramirez Holmes attended a recent Local Agency Formation Commission (LAFCo) meeting to keep abreast of what is happening with LAFCo, but Zone 7 was not discussed at the meeting.

   Director Ramirez Holmes has been asked to be on Supervisor Nate Miley's Pleasanton Advisory Committee. Director Ramirez Holmes and Ms. Duerig attended the Valley Mayors' luncheon. Director Ramirez Holmes also reported that she had a tour of Chain of Lakes with Zone 7's Integrated Planning Manager Carol Mahoney.

Item 13 - Items for Future Agendas – Directors - none.

Item 14 - 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. Verbal Reports

Item 15 - 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 16 - Open Session and Report Out of Closed Session

President Palmer said there was nothing to report when the Board came out of closed session at 9:35 p.m.

Director Greci made a motion and Director Stevens seconded to approve Resolution 13-4220 which approved Appendix A, Footnotes to Salary Schedules Section 4.11 – Section Manager. The resolution was approved by a voice vote of 6-0 with Director Figuers absent.

Item 17 - Adjournment

The meeting was adjourned at 9:40 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: Office of the General Manager
CONTACT: Judy Rector

AGENDA DATE: October 17, 2012 ITEM NO. 5a

SUBJECT: Consider Changing Date of Regular November Board Meeting Due to Thanksgiving Holiday

SUMMARY:

- The regular Board meeting for November 2012 is scheduled for the third Wednesday of the month, November 21. Due to the Thanksgiving holiday November 22 and 23, staff recommends rescheduling the regular November Board meeting date to Wednesday, November 28, 2012, for this month only.

RECOMMENDATION:

Adopt attached resolution to reschedule the regular November Board meeting date to Wednesday, November 28, 2012, for this month only.

FINANCIAL:

No fiscal impact.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, the regular Board meeting scheduled for the third Wednesday of each month, falls on November 21, 2012, the day before the November 22 and 23 Thanksgiving holiday;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control & Water Conservation District does hereby direct the General Manager to reschedule the regular November Board meeting in 2012 for Wednesday, November 28, 2012.

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 October 17, 2012.

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: INTEGRATED PLANNING
CONTACT: CAROL MAHONEY/ELKE RANK

AGENDA DATE: October 17, 2012 ITEM NO. 5b

SUBJECT: Contract Approval for Continuation of Stanley Reach Project Design with ESA PWA

SUMMARY:

- As a way of achieving SMMP objectives at a minimum cost to Zone 7, staff have been in negotiations with state and local agency partners to allow use of the Stanley Reach site for their mitigation requirements. Due to uncertainties in these agencies' budget, Zone 7 is exploring options to use Stanley Reach for our own mitigation needs or seek additional agency partners.
- ESA PWA was selected in 2011 from among a short-list of consulting design firms, and has satisfactorily completed the design tasks for the Arroyo Mocho – Stanley Reach Project per Contract No. A12-32-ESA dated December 22, 2011 (expired) and Contract No. A12-80-ESA dated January 23, 2012 (ongoing).
- Staff recommends that adding the removal of sediment from the sediment basin at the downstream end of the Stanley Reach and completing a design for the segment between Isabel/Hwy 84 bridge to below the western dragon's tooth structure will support either procuring additional suitable funding partners or providing mitigation for Zone 7 activities.
- ESA PWA has submitted a proposed work plan and budget for these out-of-scope tasks:
  a) Incorporate details for sediment removal of the sediment basin located near Hwy 84 into the existing documents completed under the existing contract, and
  b) Prepare separate construction design and specifications for a "Phase II" of the project which is located downstream and west of the proposed project site. These designs will allow greater flexibility when negotiating with the regulatory agencies for either Zone 7's mitigation use or for potential agency partners.
- The addition of these design tasks to Contract No. A12-80-ESA, should not impact the start of construction, anticipated in 2013.

FUNDING:
Funds have been allocated from Fund 50 (83%) and Fund 76 (17%)

RECOMMENDED ACTION:
Adopt attached Resolution authorizing the General Manager to extend Contract No. A12-80-ESA with ESA PWA for an additional not-to-exceed amount of $60,000 to incorporate tasks listed in Attachment A (scope of work and budget).

ATTACHMENTS:
Memo With Background, Discussion and Figures; Scope of Work and Budget; Resolution

Interoffice Memo

Date: October 17, 2012
To: Jill Duerig, General Manager
From: Carol Mahoney, Senior Geologist and Elke Rank, Associate Water Resources Planner
Subject: Contract Approval for Continuation of Arroyo Mocho – Stanley Reach Project Design with ESA PWA

BACKGROUND:

Zone 7 adopted the Stream Management Master Plan (SMMP) in August 2006. SMMP project R.3-5 (now known as 'Stanley Reach') was identified as an area where stream channel enhancements, increased riparian vegetation, and fish passage improvements could be made without impacting the 100-year storm flow capacity. The project also identified this area as a location that is of interest for inclusion in the City of Livermore's trail system and is identified as a segment of the future Iron Horse Trail through the City. This reach of the Arroyo Mocho runs roughly east-west along Stanley Boulevard between Murrieta Boulevard and Isabel Avenue.

In April 2011, Staff presented "Pilot Use of Mitigation Funds for Restoration/Enhancement Projects: Caltrans and the Alameda County Surplus Property Authority (ACSPA) Mitigation at Stanley Reach on Arroyo Mocho" to the Board. The Board authorized a resolution allowing the use of Zone 7 property for mitigation purposes at Stanley Reach. Since that time, the circumstances have changed considerably; due to litigation on a separate but related project, Caltrans issued a 'stop-work' order that impacts their mitigation plans for a portion of the Stanley Reach, and we do not expect Caltrans to re-engage on this project.

Zone 7 evaluated in August 2011 a short-list of design firms to determine which firm was best suited to create 30% design drawings and cost estimates. ESA PWA was identified as the top firm based on project team experience, qualifications, and design recommendations. The original contract, No. A12-32-ESA, which was approved by the Board August 17, 2011, has since expired. Since that time, ESA PWA was awarded a second contract, No. A12-80-ESA, which was approved by the Board January 18, 2012. They have completed Tasks 1 through 8, which includes 100% project design for the section we are now calling Phase I; only Task 9 remains to be completed which entails bidding and construction support.

DISCUSSION:

The additional tasks proposed for inclusion in the current contract are included in the new scope of work and budget estimate (Attachment A), but summary details are listed below.

Addition of Sediment Removal Task to Phase 1 (Task 10)
As is designed, the Arroyo Mocho sediment basin at Isabel Ave (Hwy 84) is in need of periodic sediment removal in order to remain effective. Recent surveys show that it is already approximately half full even after only six years since its last maintenance. The removal of the grade control structures and upper dragon's tooth structure is expected, in the first few years after construction, to result in considerable sediment in the basin. As such, it is prudent from a cost

and scheduling perspective to incorporate the clean-out action in the overall design and acquire environmental approvals concurrently with the channel work. This may in fact lower the overall mitigation burden and cost required of Zone 7.

The design will roughly duplicate the work completed in 2006, thus this task is mainly limited to amending the existing 100% design drawings previously prepared by ESA PWA to show the work to be completed in the sediment basin.

Phase 2 Design Task (Task 11)
Staff is pleased with the design created by ESA PWA for the upstream portion (Phase 1), and recommend that Zone 7 continue with this team to develop a design for the downstream portion (Phase 2). See Figure 1. Except for the pilot nature of this project concept for mitigation by others and the timing of the grant proposal, staff would have brought the entire contract to the Board at one time.

As we have learned from negotiations with potential partner agencies thus far, having a design and associated mitigation costs in the early phases of negotiations is much preferred over identifying potential partners first and then waiting several months or years for a cost estimate and an agreement. Partners are often quite eager to be done with their mitigation requirements (under pressure by the environmental regulators), and prefer to not be strung along too long while we develop a proposal for their consideration.

With the prepared design and estimated mitigation costs in hand, we can then “shop” for potential partners who can carry out their mitigation requirements on our projects. In general, the mitigating partners (yet to be determined) will pay Zone 7 for project planning, environmental review, design, and construction – on a per acre basis. In addition, the partners will also pay for the maintenance and monitoring for the first 10 years. A maintenance fee will be negotiated with each partner to cover long-term maintenance at the site, similar to that negotiated with the City of Livermore under the El Charro Specific Plan agreement.

Contract Amendment

ESA PWA developed a scope of work and cost estimate in consultation with Zone 7 staff (attached). These elements are summarized in the following table:

Survey (Task 10 & 11)	$ 9,800
Hydraulic Modeling (Task 10)	$ 5,400
USACE Permit Support (Task 10)	$ 3,300
Desilting Design (Task 10)	$ 6,900
Fish Passage Design – lower dragon’s tooth (Task 11)	$20,900
Hydraulic Analysis (Task 11)	$ 3,500
Consultants Estimate	**$49,800**
Contingency	**$11,200**
Total Request	**$60,000**

Zone 7 staff have been participating diligently in the progress of this project, and work has been completed in-house whenever possible. This proposed consultant work includes tasks that we are not able to complete in house due to expertise or scheduling issues.

The elements listed in the scope and budget are needed to complete the specialized design for Stanley Reach. No staff training time on the stream design has been incorporated in this budget because the majority of the costs will be covered by the mitigating partners; however, Zone 7 staff will be involved in the design process and the review of the designs, which will provide valuable knowledge in assessing these types of stream designs in the future. This design work for the downstream reach will be a separate lien item in order to better track costs since this may be an example for future projects using mitigation dollars for planning, design, construction, and long-term maintenance.

Staff has included a contingency of roughly 20% of ESA PWA's budget projection in the contract request to cover any minor deviations that might become necessary as we move through the final design of this pilot project. The contingency has been set at 20% partially because Caltrans is still constructing a new section of the Isabel/Hwy 84 bridge and it is unclear at this time if additional measurements and modeling will need to be added to the existing ones to account for additional changes in stream geometry, flow, and sediment passage.

NEXT STEPS:

Staff anticipates bringing agreements before the Board in the coming months to finalize the roles, responsibilities and financial contributions of the respective mitigating partners. Final design and CEQA adoption for Phase 1 are anticipated to be complete in February 2013. Bidding is expected to begin in February 2013 with Award in March or April 2013. Construction of Phase 1 will begin by June 2013.

RECOMMENDED ACTION:

Adopt attached Resolution authorizing the General Manager to extend Contract No. A12-80-ESA with ESA PWA for an additional not-to-exceed amount of $60,000 to incorporate tasks listed in Attachment A (scope of work and budget).

Figure 1. Arroyo Mocho Stanley Reach Pilot Project
Agenda Item for October 17, 2012

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, Zone 7 and the potential mitigating partners (Alameda County Surplus Property Authority, and Alameda County Transportation Commission, and CA Department of Water Resources) have been in discussions regarding mitigation on Zone 7 property to fulfill needs by the mitigating partners for riparian impacts from their respective other projects; and

WHEREAS, time is of the essence with respect to the project schedule to meet the needs of the mitigating partners by completing agreements, environmental review and permitting, and initiating construction by summer 2013; and

WHEREAS, ESA PWA has performed services to the satisfaction of Zone 7 Staff, and Staff recommend completing the downstream reach (Phase 2) design with the same firm since it is uniquely situated to meet the project schedule;

NOW BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to amend the professional services Contract No. A12-80-ESA with ESA PWA, for design services on the Arroyo Mocho – Stanley Reach Project, in an additional not-to-exceed amount of $60,000.

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 October 17, 2012.

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: Engineering
CONTACT: Dennis Gambs/Jarnail Chahal

AGENDA DATE: October 17, 2012 ITEM NO. 5c

SUBJECT: Exchange of Overhead Electric Line Easements with PG&E Over Arroyo Las Positas near El Charro Road in Livermore

SUMMARY:

- A regional outlet mall is currently being constructed near El Charro Road in Livermore by Paragon Outlets as part of the El Charro Specific Plan.
- The Specific Plan requires the widening of El Charro Road, which would leave an existing PG&E pole line within the newly aligned road.
- To accommodate this road widening, the City of Livermore requested PG&E to relocate the electric overhead line to the east side of the Arroyo Las Positas Bridge which is within Zone 7's right of way.
- PG&E's existing overhead electric is within an easement that crosses the Arroyo Las Positas and PG&E will quitclaim this easement to Zone 7 in exchange for a new easement.
- Zone 7's flood control staff has reviewed the plans for the overhead electric line and determined that there is no conflict or interference with the use of the channel property by Zone 7 for flood control purposes.
- On July 18, 2012, the Board recommended granting an overhead easement to the City of Livermore for this same PG&E overhead line. However, after further discussion with the City and PG&E, Zone 7 staff have subsequently concluded that quitclaiming the existing PG&E easement to Zone 7 in exchange for a new easement to PG&E from Zone 7 would be more appropriate.

FUNDING:
The estimated value of the easement area to be granted to PG&E is approximately the same value as the existing easement that PG&E would quitclaim to Zone 7. There is no funding impact arising from this action.

RECOMMENDED ACTION:
Adopt attached resolutions:

1. Requesting and authorizing the Board of Supervisors of Alameda County Flood Control and Water Conservation District to approve granting the Easement Deed to PG&E; and
2. Authorizing the General Manager to accept and record the Quitclaim Deed from PG&E.

ATTACHMENTS:

1. Memo providing additional background and discussion
2. Resolutions
3. Location Map
4. Draft Easement and Quitclaim Deeds

INTEROFFICE MEMO

Date: October 17, 2012
To: Jill Duerig, General Manager
From: Dennis Gambs, Principal Engineer

Subject: Exchange of Overhead Electric Line Easements with PG&E over Arroyo Las Positas near El Charro Road in Livermore

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

BACKGROUND:
The development currently being constructed east of El Charro Road in Livermore is a regional outlet mall by Paragon Outlets and part of the El Charro Specific Plan approved by the City of Livermore. The Specific Plan requires the widening of El Charro Road, which conflicts with the existing PG&E pole line that provides power to the new development. To accommodate this widening of El Charro Road, the City of Livermore requested PG&E to relocate its electric overhead line to the east side of the Arroyo Las Positas Bridge. This alignment crosses the Arroyo Las Positas channel which is within Zone 7's right of way.

DISCUSSION:
PG&E has an existing overhead electric line that crosses the Arroyo Las Positas. In exchange for Zone 7's granting a new easement to PG&E, PG&E will quitclaim that portion of its existing easement that is no longer needed because of the relocation of the overhead line. Zone 7's acceptance of the quitclaim deed would have the effect of extinguishing the easement. The net effect of the grant and quitclaim of easements is that PG&E's easement will be relocated to a new location within Zone 7's property, with no significant net gain or loss of easement.

At its July 18, 2012 meeting, the Zone 7 Board authorized the General Manager to finalize easement language, on this same electric overhead line, for a grant to the City of Livermore. However; subsequent to this Board action, City of Livermore, PG&E and Zone 7 staffs' now recommend that the easement go directly to PG&E in exchange for quitclaiming the existing PG&E easement because only PG&E and Zone 7 would need to be involved in the transaction.

Zone 7's flood control staff has reviewed the plans for the electric overhead line and determined that there is no conflict or interference with the use of the channel property by Zone 7 for flood control purposes.

The estimated value of the easement to be granted to PG&E is approximately the same value as the existing easement that PG&E would quitclaim to Zone 7. There is no funding impact arising from this action. PG&E and Zone 7 staff are in the process of finalizing easement language that is acceptable to both parties.

The legal title to the property vests with the Alameda County Flood Control and Water Conservation District. As the legal owner of the property over which the easement is to be granted, the Board of Supervisors of the Alameda County Flood Control and Water Conservation District is required to approve granting the easement. To that end, the Zone 7 Board of Directors would request and authorize the District Board to approve granting the easement.

Staff recommends that the Board authorize the Board of Supervisors of the District to approve granting the Easement Deed to PG&E and authorize the General Manager to accept and record the Quitclaim Deed from PG&E.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Approval of Grant of Easement Deed to PG&E for an Overhead Electric Line over Arroyo Las Positas

WHEREAS, Alameda County Flood Control and Water Conservation District, Zone 7 is the owner of the real property known as Arroyo Las Positas (Line H) consisting of a trapezoidal earthen channel; and

WHEREAS, in connection with the Paragon Outlets development and El Charro Specific Plan, the City of Livermore requested Pacific Gas & Electric (PG&E) to relocate its overhead electric line to accommodate the widening of El Charro Road; and

WHERAS, PG&E will quitclaim its existing overhead electric line easement in exchange for a new easement; and

WHEREAS, an Easement Deed has been prepared conveying an easement to PG&E for an overhead electric line on the lands described in Exhibit A (No. 70150); and.

WHEREAS, said Easement Deed has been reviewed by Zone 7 staff who have determined that the granting of said easement is in the public interest and will not substantially conflict nor interfere with the use of said property by the District.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and finalize the Easement Deed; and

BE IT FURTHER RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby request and recommend that the Board of Supervisors of Alameda County Flood Control and Water Conservation District approve granting said Easement Deed and authorize the President of the Board of Supervisors to execute same.

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 October 17, 2012.

By: ____________________________________
President, Board of Directors

Line H
No. 70172
Map: RF 10120

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Accept and Record Quitclaim Deed from PG&E over Arroyo Las Positas

WHEREAS, Pacific Gas and Electric Company (PG&E) is quitclaiming its easement to Alameda County Flood Control and Water Conservation District for an existing overhead electric line that is no longer needed by PG&E, on the lands designated and described in Exhibit A (No.70177).

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District authorizes the General Manager to accept said quitclaim deed from PG&E and to execute a certificate of acceptance causing the same to be recorded at the Office of the Recorder of Alameda County.

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 October 17, 2012.

By: ______________________________________
President, Board of Directors

Line H
No. 70177
Map: RF 10125

	ZONE 7 WATER AGENCY 100 North Canyons Parkway, Livermore, CA	DRAWN: BW/SJE	**Location Map** **Easement Exchange** **with PG&E**	Scale: 1" = 600'
		REVIEWED: DG		Date: 10-09-2012

File: W:\Real Property Services\easement exchange with PG&E\easement exchange with PG&E.mxd

Distribution Easement (Rev. 01/11)
RECORDING REQUESTED BY AND RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
Land Services Office
1850 Gateway Blvd., 7th Floor
Concord, CA 94520

Location: City/Uninc_______________
Recording Fee $_______________
Document Transfer Tax $ _________
[ ] This is a conveyance where the consideration and Value is less than $100.00 (R&T 11911).
[ ] Computed on Full Value of Property Conveyed, or
[ ] Computed on Full Value Less Liens & Encumbrances Remaining at Time of Sale

____
Signature of declarant or agent determining tax

DRAFT

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD#

EASEMENT DEED

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a body corporate and politic,

hereinafter called Grantor, hereby grants to PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called Grantee, the right from time to time to construct, reconstruct, install, inspect, maintain, replace, remove, and use facilities of the type hereinafter specified, together with a right of way therefor, within the easement area as hereinafter set forth, and also ingress thereto and egress therefrom, over and across the lands of Grantor situate in the City of Livermore, County of Alameda, State of California, described as follows:

(APN 904-0001-003-23 Por.) and (APN 904-0001-009-05 Por.)

The parcel of land described in the deed from County of Alameda to Alameda County Flood Control and Water Conservation District by deed dated March 30, 2004 and recorded as Official Records Series No. 2004272275, Alameda County Records and the parcel of land described in the deed from Surplus Property Authority of Alameda County to Alameda County Flood Control and Water Conservation District, by deed dated March 12, 2004 and recorded as Official Records Series No. 2004272276, Alameda County Records.

Said facilities and easement area are described as follows:

Such poles, aerial wires, cables, electrical conductors with associated crossarms, braces, transformers, anchors, guy wires and cables, fixtures and appurtenances, as Grantee deems necessary for the distribution of electric energy and communication purposes located within the strip of land of the approximate width of 15 feet lying 7.5 feet on each side of the alignment of the facilities as initially installed hereunder. The location of said strip is shown upon Exhibit "A" attached hereto and made part of.

Grantee agrees that overhead facilities shall be constructed and maintained at a height of at least fifteen (15) feet above the present surface of the ground.

Grantor further grants to Grantee the right, from time to time, to trim or to cut down any and all trees and brush now or hereafter within said easement area, and shall have the further right, from time to time, to trim and cut down trees and brush along each side of said easement area which now or hereafter in the opinion of Grantee may interfere with or be a hazard to the facilities installed hereunder, or as Grantee deems necessary to comply with applicable state or federal regulations.

Grantor shall not erect or construct any building or other structure or drill or operate any well within said easement area, excepting therefrom any structures at or below ground level.

Grantor further grants to Grantee the right to assign to another public utility as defined in Section 216 of the California Public Utilities Code the right to install, inspect, maintain, replace, remove and use communications facilities within said easement area (including ingress thereto and egress therefrom).

Grantor acknowledges that they have read the "Grant of Easement Disclosure Statement", Exhibit "B", attached hereto and made a part hereof.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

Dated: ____________________, ________.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a body corporate and politic

By:________________________________ By:________________________________

________________________________ ________________________________

Print Name and Title Print Name and Title

I hereby certify that a resolution was adopted on the ____ day of ________, 20______, by the

____

authorizing the forgoing grant of easement

By________________________________

Title ______________________________

North Coast Area, Mission Division
Land Service Office: Concord RMC
Operating Department: Electric Distribution
USGS location (MDB&M and T3S, R1E, Sec. 10 NW ¼ of NE ¼)
FERC License Number(s): N/A
PG&E Drawing Number(s): N/A
PLAT NO.: I-15-14; I-15-19
LD of any affected documents: N/A
LD of any Cross-referenced documents: N/A
TYPE OF INTEREST: 3, 6, 43
SBE Parcel Number: N/A
(For Quitclaims, % being quitclaimed): N/A
Order # or PM #: 30712097
JCN: N/A
County: Alameda
Utility Notice Numbers: N/A
851 Approval Application No.___N/A___Decision_____N/A___
Prepared By: KJFC
Checked By: CAY7
Revision Number: N/A

State of California
County of ______________________________)

On ______________________, before me, ______________________________________,
Here insert name and title of the officer

personally appeared ____

____,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

______________________________________ (Seal)
Signature of Notary Public

CAPACITY CLAIMED BY SIGNER

[ ] Individual(s) signing for oneself/themselves

[ ] Corporate Officer(s) of the above named corporation(s)

[ ] Trustee(s) of the above named Trust(s)

[ ] Partner(s) of the above named Partnership(s)

[ ] Attorney(s)-in-Fact of the above named Principal(s)

[ ] Other ____________________________

Distribution Easement Rev. (01/11)
Pacific Gas and Electric Company

EXHIBIT "B"

GRANT OF EASEMENT DISCLOSURE STATEMENT

This Disclosure Statement will assist you in evaluating the request for granting an easement to Pacific Gas and Electric Company (PG&E) to accommodate a utility service extension to PG&E's applicant. **Please read this disclosure carefully before signing the Grant of Easement.**

- You are under no obligation or threat of condemnation by PG&E to grant this easement.

- The granting of this easement is an accommodation to PG&E's applicant requesting the extension of PG&E utility facilities to the applicant's property or project. Because this easement is an accommodation for a service extension to a single customer or group of customers, PG&E is not authorized to purchase any such easement.

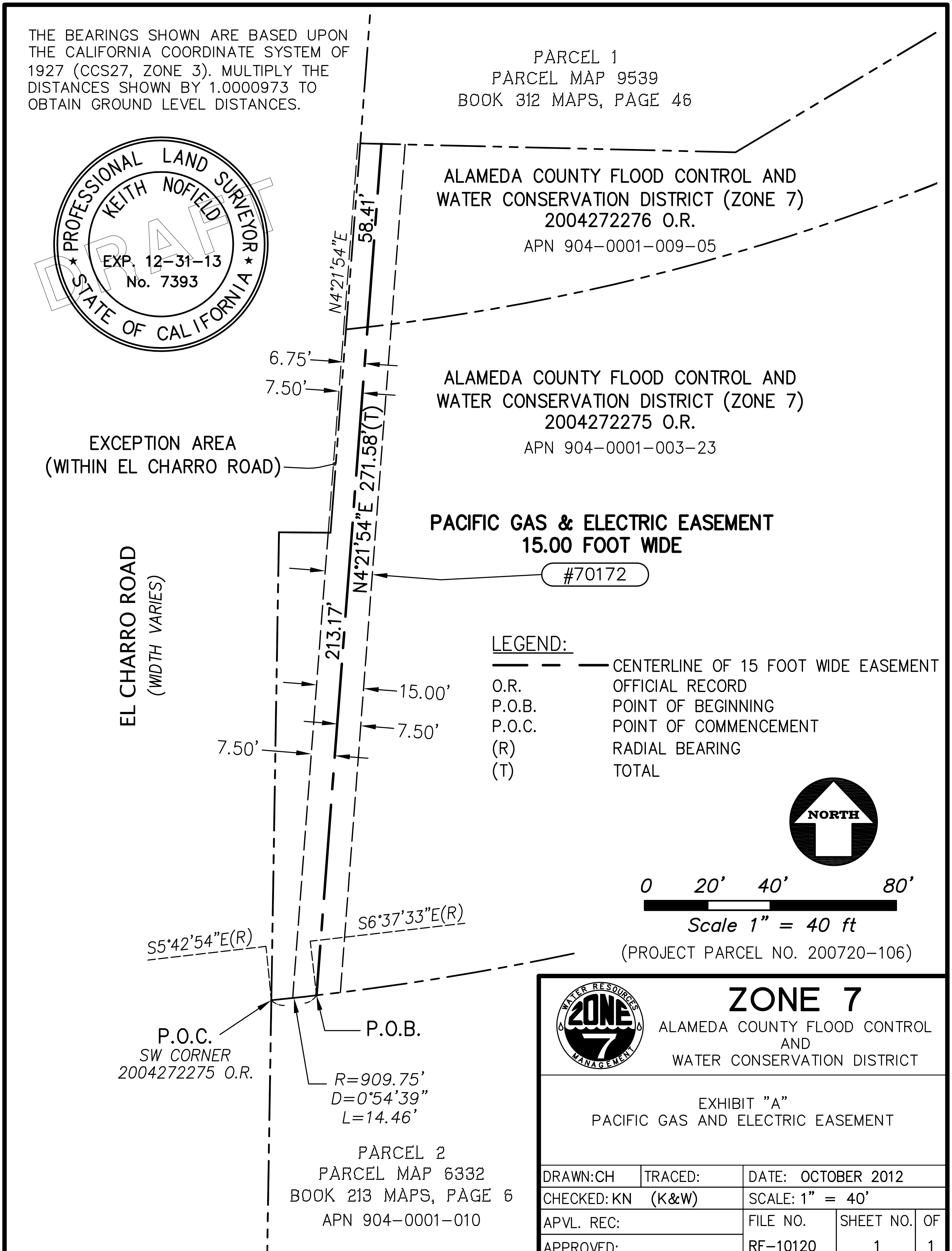
- By granting this easement to PG&E, the easement area may be used to serve additional customers in the area. Installation of any proposed facilities outside of this easement area will require an additional easement.

- Removal and/or pruning of trees or other vegetation on your property may be necessary for the installation of PG&E facilities. You have the option of having PG&E's contractors perform this work on your property, if available, or granting permission to PG&E's applicant or the applicant's contractor to perform this work. Additionally, in order to comply with California fire laws and safety orders, PG&E or its contractors will periodically perform vegetation maintenance activities on your property as provided for in this grant of easement in order to maintain proper clearances from energized electric lines or other facilities.

- The description of the easement location where PG&E utility facilities are to be installed across your property must be satisfactory to you.

- The California Public Utilities Commission has authorized PG&E's applicant to perform the installation of certain utility facilities for utility service. In addition to granting this easement to PG&E, your consent may be requested by the applicant, or applicant's contractor, to work on your property. Upon completion of the applicant's installation, the utility facilities will be inspected by PG&E. When the facility installation is determined to be acceptable the facilities will be conveyed to PG&E by its applicant.

By signing the Grant of Easement, you are acknowledging that you have read this disclosure and understand that you are voluntarily granting the easement to PG&E. Please return the signed and notarized Grant of Easement with this Disclosure Statement attached to PG&E. The duplicate copy of the Grant of Easement and this Disclosure Statement is for your records.



Z:\2006\A06717\survey\ACFC & WCD - ZONE 7\A06717-15 PGE (200720-106).dwg 10/9/2012 10:39:02 AM PDT

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: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: October 17, 2012 ITEM NO. 5d

SUBJECT: REQUEST FOR OUT-OF-STATE TRAVEL TO ATTEND UPCOMING ASSOCIATION OF CALIFORNIA WATER AGENCIES' DC CONFERENCE

SUMMARY:

President Sarah Palmer and Director Dick Quigley have expressed interest in attending the Association of California Water Agencies' (ACWA) Annual DC Conference to be held February 26 through 28, 2013 in Washington, DC. Although an agenda has not yet been posted, this conference traditionally provides an opportunity to learn about the current plans and priorities of the Administration and Congress. ACWA's Washington, D.C., Conference provides a unique opportunity to meet with members of the congress and the president's administration. Meeting highlights usually include: learning about key Congressional Committee agendas, understanding the direction of federal agencies, and developing insights about where Congress is headed this year. Although staff often participates in this annual conference, they have expressed an interest in saving travel expenses this year by foregoing attendance.

Director Quigley has already obtained board approval to attend all in-state ACWA conferences while participating on the ACWA Region 5 Board and the Energy Committee without seeking approval from the Board for reimbursement of travel and registration expenses. President Palmer has, under the new Board Policy, authority to attend ACWA conferences. However, this is an out-of-state conference so additional Board authorization must be obtained. By authorizing early, some savings on travel and lodging may be realized.

FINANCIAL:

Registration costs for ACWA's annual DC conference is $510 per person plus miscellaneous expenses associated with attendance, i.e., airfare, parking, accommodations and meals, with a total cost estimated at $3,750 per person. Funds are available from Fund 52-Water Enterprise.

RECOMMENDED ACTION:

Adopt attached resolution.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, President Sarah Palmer and Director Dick Quigley have expressed interest in attending the Association of California Water Agencies' (ACWA) Annual DC Conference to be held February 26 through 28, 2013, in Washington, DC;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District does hereby authorize President Palmer's and Director Quigley's attendance at ACWA's Annual DC Conference; and

BE IT FURTHER RESOLVED that President Palmer and Director Quigley be reimbursed for actual and necessary expenses associated with attendance at this event.

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 October 17, 2012.

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: Office of the General Manager
CONTACT: Jill Duerig

AGENDA DATE: October 17, 2012 ITEM NO. 5e

SUBJECT: Consider Supporting Pleasanton's Petition to Publish Legal Decision

SUMMARY:

- On September 26, 2012, the First District Court of Appeals handed down a decision in *Wachi v. City of Pleasanton*.
- That opinion held that Government Code section 831.4, which provides that public entities are not liable for injuries incurred on public trails.
- Although this holding is quite instructive for public agencies, the opinion was issued as an unpublished decision which means that it carries no precedential value and cannot be relied upon as authority in future lawsuits.
- The City of Pleasanton is petitioning the Court to publish this decision and has suggested that Zone 7 may want to do the same.
- General Counsel has reviewed this request, concurs that publishing this case would be beneficial to Zone 7 and has drafted a letter to the Court (attached).
- Staff recommend authorizing the General Counsel to send a letter requesting that this decision be published.

RECOMMENDATION:

Adopt resolution to authorize the General Counsel to send a letter in substantial conformance with attached draft.

FINANCIAL:

No fiscal impact.

ATTACHMENTS:

Resolution and Draft Letter

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, on September 26, 2012, the First District Court of Appeals handed down an unpublished decision in *Wachi v. City of Pleasanton*; and

WHEREAS, General Counsel has determined that publishing this case would be beneficial to Zone 7 and has drafted a letter to the Court (attached);

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District does hereby authorize and direct the General Counsel to send a letter in substantial conformance with attached draft.

DOWNEY | BRAND
ATTORNEYS LLP

David R.E. Aladjem
daladjem@downeybrand.com
916/520-5361 Direct
916/520-5761 Fax

621 Capitol Mall, 18th Floor
Sacramento, CA 95814
916/444-1000 Main
916/444-2100 Fax
downeybrand.com

DRAFT

October 11, 2012

Hon. William W. McGuiness, Administrative Presiding Justice
Hon. Martin J. Jenkins, Associate Justice
Hon. Peter J. Siggins, Associate Justice
California Court of Appeal
First Appellate District, Division 3
350 McAllister Street
San Francisco, CA 94102-3600

Re: Request for Publication of *Kenneth Wachi v. City of Pleasanton*, Court of Appeal No. A131348

Dear Justices McGuinness, Jenkins, and Siggins:

This firm serves as general counsel to Alameda County Flood Control and Water Conservation District ("Zone 7"), a California public agency. Pursuant to Rule of Court 8.1120(a), Zone 7 requests publication of the unpublished opinion filed in this case on September 26, 2012. Publication of this opinion would add an important clarification to existing case law regarding the application of California Government Code § 831.4 to multi-agency efforts to develop recreational trails, which in turn would encourage public entities to cooperatively develop these facilities without fearing liability.

As the Court is aware, publication of Court of Appeal decisions is governed by Rule of Court 8.1105(c), and a decision proposed to be published must meet at least one of the criteria in that rule. We respectfully submit that the opinion in this case satisfies at least three of those criteria: it involves a legal issue of continuing public interest (CRC 8.1105(c)(6)), it applies an existing rule to a set of facts significantly different from those stated in existing published opinions (CRC 8.1105(c)(2)), and it explains an existing rule of law (CRC 8.1105(c)(4)).

1. <u>The Opinion Involves a Legal Issue of Continuing Public Interest.</u>

The Court should publish the opinion in *Kenneth Wachi v. City of Pleasanton* because it involves a legal issue of continuing public interest—when two or more public entities' cooperative operation of a public trail may support a government tort claim. By clarifying that the immunity created by California Government Code § 831.4 extends not only to the landowning agency, but also to the agency operating the trail, the opinion encourages inter-agency cooperation in the development of these public trails. This result is consistent with the Legislature's purpose in adopting Section 831.4, which was to encourage public agencies to make public lands available for recreational use.

2. The Opinion Applies an Existing Rule to a Set Of Facts Significantly Different from Those Stated in Published Opinions.

The opinion also satisfies a second criterion for publication: it applies an existing rule to a set of facts significantly different from those stated in published opinions. More specifically, the opinion concerns a paved, public trail on land owned by one public agency (the District), but operated and maintained as a recreational facility subject to an agreement with a second public agency (the City of Pleasanton), against whom a tort claim was brought. No existing government tort claim case has considered the extent of the trails immunity in Government Code § 831.4 when multiple agencies cooperate to maintain and operate a public trail that runs through multiple jurisdictional boundaries.

3. The Opinion Explains An Existing Rule of Law.

The opinion is also the first to address the issue of whether an agreement between two public entities to operate a public trail might create a private right of action for third parties under a governmental tort claims analysis. Public agencies are generally not liable for tort claims unless the agency is under a "mandatory duty" imposed by an enactment designed to protect against the particular kind of injury, and the injury is proximately caused by a failure to exercise reasonable diligence in discharging that duty. Publication of this opinion clarifies that an agreement to public liability insurance as a condition of one public agency's operation of a recreation trail on another agency's land does not constitute a mandatory duty of the sort necessary to waive sovereign immunity from tort claims. The distinction articulated by the Court in this opinion provides crucial certainty for public agencies that operate and maintain public recreation areas.

The Opinion also provides useful clarity regarding whether a court should grant a leave to amend in government tort claims when a plaintiff proposes a new fact pattern (an implied easement, based on the agreement between the District and the City) in an amended complaint.

For all of these reasons, Zone 7 respectfully requests that the Court order the opinion in this case published.

Very truly yours,

DOWNEY BRAND LLP

David R.E. Aladjem

DREA:/ra
1282496.1

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: Jill Duerig

AGENDA DATE: October 17, 2012 ITEM NO. 5f

SUBJECT: Consider Responding to the Letter from Supervisors Haggerty and Miley

SUMMARY:

- On June 22, 2012, Zone 7 received a letter from Supervisors Scott Haggerty and Nate Miley.
- This letter expressed support for Zone 7's separation from the County but as a Water District, only.
- Several concerns were outlined in the letter.
- The Ad Hoc Response Committee met and recommended authorizing the President of the Board to provide a written response referring to Zone 7's Grand Jury comments, making the following key points:
    - The most efficient and cost-effective way to manage water resources is to integrate operations of water supply and flood control facilities. As a result, it is in the public's best interest to keep the two functions together.
    - Local control of and local access to agencies in Eastern Alameda County is good public policy.
    - A key reason for seeking separation from Alameda County is to become a multi-county agency, thereby allowing registered voters in the Dougherty Valley portion of San Ramon (in Contra Costa County) to be able to vote for and serve on the board.

RECOMMENDATION:

Adopt attached resolution to authorize the President of the Board to provide a written response to Supervisors Haggerty and Miley.

FINANCIAL:

No fiscal impact.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, on June 22, 2012, Zone 7 received a letter from Supervisors Scott Haggerty and Nate Miley; and

WHEREAS, this letter expressed support for Zone 7's separation from the County but as a Water District, only;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District does hereby authorize and direct the President of the Zone 7 Board to timely provide a written response to Supervisors Haggerty and Miley including the following major points:

- The most efficient and cost-effective way to manage water resources is to integrate operations of water supply and flood control facilities. As a result, it is in the public's best interest to keep the two functions together in any future agency.
- Local control of and local access to agencies in Eastern Alameda County is good public policy.
- A key reason for seeking separation from Alameda County is to become a multi-county agency, thereby allowing registered voters in the Dougherty Valley portion of San Ramon (in Contra Costa County) to be able to vote for and serve on the board.

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 <u>October 17, 2012</u>.

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: Tom Hughes

AGENDA DATE: October 17, 2012 ITEM NO. 6a

SUBJECT: Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in September and selected the Employee of the Month for August 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.

Linda Van Buskirk, who works in the Admin Section as an Administrative Assistant primarily working out at the Del Valle Water Treatment Plant (DVWTP) and reporting to Judy Rector, has been chosen from among those nominated as the August 2012 Employee of the Month. Linda is always a pleasure to work with and she has a positive attitude. The recommendation the committee received states that Linda is an invaluable asset to the staff at the DVWTP. Linda is willing to take on new tasks and is always looking for solutions to problems before they become unmanageable.

An example of Linda's valuable contribution is how she has taken on the task of managing Operations' massive records and filing system including the extensive Standard Operating Procedure (SOP) Library. Also, Linda provides back-up support to the administrative staff at North Canyons, as needed, in addition to supporting the Operations, Maintenance and Water Quality sections. According to the recommendation the committee received, Linda is very easy to work with and fosters a "can do" attitude. Linda is also a member of the Staff Advisory Team that brainstorms issues affecting all of Zone 7 and helps formulate recommendations for the General Manager.

The committee seconded the recommendation and recognized Linda 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 Linda Van Buskirk as August 2012 Employee of the Month.

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/JAVIA GREEN

AGENDA DATE: October 17, 2012 ITEM NO. 7

SUBJECT: Proposed Revisions to the Current Zone 7 Reserve Policy

SUMMARY:

- On October 9, 2012, staff made a public presentation on Zone 7's various reserves to Director Ramirez Holmes, a member of the Finance Committee.
- Comments were also received from a member of the public representing Dublin San Ramon Services District.
- Following the meeting, the following changes to the Reserve Policy are recommended:

1. Designate current "Unrestricted Reserve" as the "Rate Stabilization and Infrastructure Contingency Reserve."
2. Rename current "Rate Stabilization Reserve" as the "Drought Contingency and Natural Disaster Contingency Reserve."
3. Establish target minimum reserve balance for the Fund 72 Capital Projects and Contingency Reserve of no less than 75% of following year's capital transfer from Fund 52.
4. Establish target minimum reserve balance for the Fund 73 Capital Projects and Contingency Reserve of no less than 50% of following year's non-discretionary expenses for Fund 73.
5. Establish procedure should the Rate Stabilization and Infrastructure Contingency Reserve exceeds the new target maximum reserve balance.

RECOMMENDED ACTION:

Adopt the attached Resolution revising Zone 7's Reserve Policy.

ATTACHMENTS:

Memo Providing Additional Information on Agenda Item
Resolution

M E M O R A N D U M

DATE: October 17, 2012

TO: Jill Duerig

FROM: Tom Hughes, Assistant General Manager
Tamara Baptista, Financial and System Services Manager
JaVia Green, Staff Analyst

SUBJECT: **Memo Providing Additional Information on Agenda Item**

SUMMARY:

The Zone 7 Board of Directors (Board) adopted a Reserve Fund Policy on February 16, 2005 that set forth the principles to be followed in creating and maintaining reasonably-prudent reserves for conducting the Agency's business (Attachment A). During the 2012 water rate development process, on October 5, 2011, the Board reviewed current reserves policies and levels. This agenda item is attached as Attachment B and gives additional background information on Zone 7 reserve funds.

On November 16, 2011, the Board adopted a Financial Management Framework which includes planning for current operating and capital resource needs to ensure it can achieve its mission by providing for financial stability and health of the Agency. One of the framework's goals is to be able to respond to changes in the economic environment and service demands with minimal impact on its customers while maintaining the financial integrity of the Agency.

As part of the 2013 water rate process, Board members requested a closer look at reserves related to water system funds, particularly the Water Enterprise Fund (Fund 52). This agenda item provides additional details on water system fund reserve balances as of 6/30/12 and includes proposed revisions to the March 2005 Fund Policy to reflect current conditions, in keeping with the November 16, 2011, Financial Management Framework (Attachment C).

BACKGROUND:

Reserve funds generally fall into three categories – restricted, designated and unrestricted. Restricted reserves have their use imposed by an outside entity such as debt service reserves which are governed by bond covenants. Board-designated reserves, although they have no externally-imposed restrictions, have internally designated purposes.

The State Water Project Facilities Fund (Fund 51) receives property tax revenue to pay for voter-approved State Water Project fixed costs. No changes are being recommended to this fund's reserve; however, since it is a water system fund, the Board-designated reserve balance is shown in Table 1 below:

Table 1 – Fund 51 Unaudited Reserve Balances as of 6/30/2012	
Reserve	Unaudited Balance as of 6/30/12
Designated for State Water Project Fixed Costs	$10,603,823
Total Reserve	$10,603,823

The Reserve Fund Policy established several Board-designated reserves for specific purposes within Fund 52, the primary Water Enterprise Fund. Fund 52 reserves and their respective unaudited balances are shown in Table 2 below:

Table 2 – Fund 52 Unaudited Reserve Balances as of 6/30/2012	
Reserve	Unaudited Balance as of 6/30/12
Operating/Emergency Reserves	$6,708,414
Rate Stabilization Reserve	$5,000,000
Designated Reserves	$ -
Unrestricted Reserves (includes Encumbrances of $1.3M)	$15,544,541
Total Reserves	$27,252,955

Water rate revenue provides funding for the Renewal and Replacement/System-wide Improvements Fund (Fund 72). For reference, reserve balances in Fund 72 are shown in Table 3, below:

Table 3 – Fund 72 Unaudited Reserve Balances as of 6/30/2012	
Reserve	Unaudited Balance as of 6/30/12
Capital Projects and Contingencies	$19,041,132
Sinking Fund	$2,691,980
Total Reserves	$21,733,112

Water system expansion related to development (Fund 73) is funded by connection fees collected from new development, in keeping with the Board policy that new development pays for itself. Because of state law, these are restricted reserves. Staff recommends revising the Capital Projects and Contingencies Reserve policy to include target minimum reserve levels, so for reference, the current reserve balances in Fund 73 are shown in Table 4, below:

Table 4 – Fund 73 Unaudited Reserve Balances as of 6/30/2012	
Reserve	Unaudited Balance as of 6/30/12
Capital Projects and Contingencies	$12,287,426
Sinking Funds	$8,994,748
Installment Sale Agreement (ISA)	$30,500,000
Total Reserves	51,782,174

The above tables represent all of the water system operating and capital funds.

DISCUSSION:

Revenues from water rates fund water-related operating and capital expenses. Fund 52 is the operating and maintenance fund for the water enterprise system and Fund 72 is a water system capital fund to maintain and upgrade existing infrastructure. Fund 52 generates revenue from water sales to fund cost of service. The cost of service includes Fund 52 operating expenses and the annual capital transfer to Fund 72. The transfer to Fund 72 is based on the Asset Management Program (AMP) funding schedule adopted by the Zone 7 Board on June 15, 2011 and as shown below:

$6.6 million in FY12/13;
$8.5 million in FY13/14;
$9.5 million in FY 14/15;
$10.5 million in FY 15/16; and
Beginning in FY16/17 and beyond, $11.4 million (in 2011 dollars) to be adjusted by other sources of revenue, inflation and any future AMP updates (next update planned for 2016).

In general, annual water sales revenue should be sufficient to cover operating expenses and the pre-established transfer (together called the cost of service). Since operating expenses and the capital transfer have increased over time, and water usage has decreased, Zone 7 plans for a combination of water rate increases and use of unrestricted reserves to fund the cost of service. Zone 7's unrestricted reserve has historically functioned like a Rate Stabilization Reserve. This type of reserve is typically used to smooth rate increases.

A Drought Contingency Reserve is used to supplement losses to water sales revenue resulting from drought conditions or a natural disaster. The current reserve policy designates the Rate Stabilization Reserve for this purpose. Staff recommends designating this reserve to better reflect its purpose.

Renaming the Rate Stabilization Reserve as the Drought Contingency and Natural Disaster Reserve and then designating the unrestricted reserves as the actual Rate Stabilization and Infrastructure Contingency Reserve better reflects the intended uses of both. This can be accomplished by revising the current policy to reflect the new names and their respective purposes.

Therefore, staff recommends that the current "Rate Stabilization Reserve" be renamed the "Drought Contingency and Natural Disaster Reserve," to be used to supplement losses to water sales revenue resulting from drought conditions and/or natural disasters.

Staff also recommends that the "Unrestricted Reserve" be designated as the "Rate Stabilization and Infrastructure Contingency Reserve" to be drawn down as needed to smooth rate increases. In the event of an unexpected water system infrastructure failure, this reserve may be used to fund repairs required to restore essential service levels.

Staff further recommends that the "Rate Stabilization and Infrastructure Contingency Reserve" balance shall not exceed 50% of annual treated water sales revenue. In the event the reserve balance exceeds 50% of annual treated water sales revenue, the General Manager will make a report and recommendation to the Board. The proposed Rate Stabilization and Infrastructure Contingency Reserve will include encumbrances for outstanding purchase orders for goods and services.

Within both Capital Projects and Contingencies Reserves, staff recommends establishing minimum reserve levels for Fund 72 and Fund 73 to ensure funding is available to fund current and future projects. These targets are currently used by staff for capital planning purposes, so staff recommends formally incorporating them into the Reserve Policy. The target minimum reserve balance for Fund 72 is proposed to be no less than 75% of the following year's capital transfer. This fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP and the reserve balance shall be consistent with the reserve balances forecasted in the 2011 AMP Update and subsequent updates. For the Water Expansion Fund, a target minimum reserve balance is proposed to be set at 50% of the following year's non-discretionary expenditures.

A draft Reserve Fund Policy is attached as Attachment D.

Attachments:

Attachment A – Current Zone 7 Reserve Policy
Attachment B – October 5, 2011 Board Agenda Item – Status of Reserve Funds
Attachment C – Draft Zone 7 Financial Management Framework
Attachment D – Draft Zone 7 Reserve Policy Revision

ATTACHMENT A
Current Zone 7 Water Agency
Reserve Fund Policy

Policy Statement

Zone 7 of the Alameda County Flood Control and Water Conservation District has adopted a Financial Management Policy which includes planning for current operating and capital resource needs to ensure it can achieve its mission by providing for financial stability and health of the Agency. Among the stated goals is to be able to respond to changes in the economic environment and service demands with minimal impact on its customers while maintaining the financial integrity of the Agency.

Key elements of prudent financial planning include ensuring sufficient funding is available for current operating, capital and debt service costs; anticipating and preparing for future funding needs; and allowing for unforeseen disasters and other unforeseen events.

Zone 7 will maintain reserve funds to ensure it can fund emergency expenses; cash flow requirements; capital improvement plans and future operating requirements while avoiding significant rate fluctuations due to changes funding needs. It will also maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenue and operating/capital expenditures. Staff will review the amount of reserves recommended each year with the Board of Directors at the presentation of the annual Agency budget.

Definitions

- <u>Restricted Reserves:</u> Restrictions imposed by an outside source. May be required by bond covenants in the case of debt issuance.
- <u>Designated Reserves:</u> Set aside for a specific purpose determined by the Board of Directors. The Board of Directors has the authority to redirect the use of these funds as needs of the Agency change.
- <u>Unrestricted Reserves:</u> Have no imposed restrictions as to their use.

Designated Reserve Funds

- <u>Emergency/Operating Reserves:</u> Designated by the Board of Directors to provide for emergencies and cash flow requirements. The amount of these reserves is determined by the fund to which they apply. The water enterprise is maintained at 20% of operating expenses; flood control estimated at flood repair cash flow needs; and the State Water Project at 50% of revenue.
- <u>Rate Stabilization:</u> Designated by the Board of Directors to provide funds in the case of an unforeseen event such as a natural disaster, water shortage or other catastrophic event. Use of these funds is approved by the Board of Directors.

- Designated Reserve: Designated by the Board of Directors to provide for increases in operating expenses in excess of the target established by the Board. The Board authorizes use of these funds.
- Capital Projects and Contingencies Reserve: These reserves are earmarked by the Board of Directors for capital improvements to meet regulatory requirements, system reliability and future demand. These capital improvements are included in the 10 year Capital Improvement Program and the Asset Management Program both of which are reviewed by the Board of Directors each fiscal year. These reserves are also used to fund unanticipated capital projects. Use of these funds is approved by the Board of Directors.

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ATTACHMENT B

ORIGINATING DIVISION: Finance and Business Services
CONTACT PERSON: Tamara Baptista/John Yue

AGENDA DATE: October 5, 2011 ITEM NO. 4

SUBJECT: **Status of Reserve Funds**

SUMMARY:

- On August 29, 2011, and September 13, 2011, the Finance Committee met for staff presentations of the preliminary treated water rates for calendar year 2012.
- The Finance Committee discussed the alternatives presented, and directed staff to forward for the Board's discussion a recommendation of a 5% increase to the treated water rate for 2012.
- After discussion at the Board meeting September 21, 2011, the Board requested a special Board meeting to discuss the status of reserve funds prior to finalizing the treated water rate.

FUNDING:

Reserves, commonly referred to as working capital, come from the accumulated balances (surpluses) of the respective Funds over time. The Water Enterprise (Fund 52), Renewal/Replacement & System-Wide Improvements (Fund 72), Expansion (Fund 73) and State Water Facilities (Fund 51) have distinct reserves in the respective Funds.

RECOMMENDED ACTION:

Receive the presentation and discuss the reserve funds status.

x:/sec2/bl/prelim water rate 2012.doc

M E M O R A N D U M

DATE: October 5, 2011
TO: Jill Duerig, General Manager
FROM: Tamara Baptista and John Yue
SUBJECT: **Reserve Funds**

SUMMARY:

Key elements of prudent financial planning include ensuring sufficient funding is available for current operating, capital and debt service costs; anticipating and preparing for future funding needs; and allowing for unforeseen disasters and other unforeseen events.

BACKGROUND:

In governmental accounting, there are generally three categories of reserves.

1. Restricted Reserves: Restrictions are imposed by an outside source. For example, it may be required by bond covenants in the case of debt issuance. Zone 7 currently has no restricted reserves.

2. Designated Reserves: Set aside for a specific purpose determined by the Board of Directors. The Board of Directors has the authority to redirect the use of these funds as needs of the Agency change.

3. Unrestricted Reserves: Have no imposed restrictions as to their use.

In considering such general definitions and other best management practices, the Zone 7 Board of Directors adopted a Financial Management Policy in March 1999 that documented the principals to be followed in conducting the financial activities of Zone 7. A copy of the adopted Financial Management Policy and minute order are enclosed (Attachment A). In summary, these principals fell into the general categories of financial management goals, budgeting (to ensure a balanced budget, reserves for emergencies and cash sufficient to pay bills on a timely basis), revenue policies (to ensure that funds are available so that the Agency can accomplish its mission), expenditure policies (to ensure the Agency adheres to its spending plans and effectively manages its services) and policies related to capital improvement and expansion funding (to ensure that assets are properly maintained, replaced and expanded over time to meet the level of service expectations of the community). The expansion policy itself is consistent with the Mitigation Fee Act (Government Code §66000, *et seq.*) which requires that any fees collected from developers be kept in a separate fund and that these fees shall not be commingled. Annual reports must be prepared and published within 120 days of the end of each Fiscal Year. Typically, these reports are presented to the Board at the regular December meeting. Generally Accepted Accounting Principles for Government also calls for separate accounting and reporting of government functions (Flood Control – Funds 50 and 76) and proprietary functions (Water – Funds 51, 52, 72 and 73).

In March 2005, the Board expanded the Financial Management Policy by adopting a Reserve Fund Policy. The policy and minute order are attached (Attachment B). The Reserve Fund Policy established several Designated Reserve funds for various specific purposes related to the water enterprise and, thus, water rates. The purpose of each is described in the policy.

- Emergency/Operating Reserves: Designated by the Board of Directors to provide for emergencies and cash flow requirements. The amount of these reserves is determined by the fund to which they apply. This reserve is maintained at 20% of operating expenses; Flood Control estimated at flood repair cash flow needs; and the State Water Project at 50% of revenue.

- Rate Stabilization: Designated by the Board of Directors to provide funds in the case of an unforeseen event such as a natural disaster, water shortage or other catastrophic event. Use of these funds is approved by the Board of Directors.

- Designated Reserve: Designated by the Board of Directors to provide for increases in operating expenses in excess of the target established by the Board. The Board authorizes use of these funds. [Note that there are no funds in this reserve at present.]

- Capital Projects and Contingencies Reserve: These reserves are earmarked by the Board of Directors for capital improvements to meet regulatory requirements, system reliability and future demand. These capital improvements are included in the 10-Year Capital Improvement Program and the Asset Management Program both of which are reviewed by the Board of Directors each fiscal year. These reserves are also used to fund unanticipated capital projects. Use of these funds is approved by the Board of Directors.

The Water Enterprise Fund (52) generates revenue from water sales to fund the operating expenses and transfer capital contribution, in accordance with the funding levels determined by the Asset Management Plan (AMP), to fund Renewal/Replacement & System-Wide Improvements (R/R&SWI) projects (Fund 72). As the AMP projects are fully integrated with the 10-Year Capital Improvement Program (CIP), the reserves in the R/R&SWI Fund are wholly designated for capital projects identified in the CIP.

The Expansion Fund (73) and State Water Facilities Fund (51) are funded by water connection fee revenue, and property taxes, respectively. These two Funds have no impact on the funding requirements of Water Enterprise or R/R&SWI Funds, and therefore have no effect on water rates. The discussion below will focus mainly on the Water Enterprise reserves, and review the use of capital in R/R&SWI Funds.

The following summarizes the unaudited balance as of June 30, 2011, in each of the three general categories of Restricted, Designated and Unrestricted reserves in the Water Enterprise and R/R&SWI Funds.

1. Restricted Reserves – None in either funds
2. Designated Reserves
    a. Emergency/Operating Reserves – Applicable to Fund 52 only, $7,333,506
    b. Rate Stabilization - Applicable to Fund 52 only, $5,000,000

c. Designated – Applicable to Fund 52 only, none

d. Capital Projects & Contingencies – Applicable to Fund 72 only, $16,543,984

e. Sinking Funds - Applicable to Fund 72 only, $2,313,878 (building)

3. Unrestricted Reserves - Applicable to Fund 72 only, $7,577,506

DISCUSSION:

The Government Finance Officers Association (GFOA) cites the following major reasons for adopting a reserve (fund balance) policy:

1) Plan for contingencies
2) Maintain good standing with rating agencies
3) Avoid interest expenses for operating budget needs and capital projects
4) Invest fund balance
5) Ensure cash availability when revenue is unavailable

The GFOA also notes that, "A government's unreserved fund balance should be inversely proportional to its total budget size."

There are a variety of factors to consider when determining the unrestricted reserve fund balance, including:

a) The predictability of revenues and volatility of its expenditures
b) The availability of resources in other funds as the potential drain on the General Fund
c) Liquidity
d) Designations[1]

For additional reference, California Special District Association's Special District Reserve Guidelines is attached.

A review of other water agencies' reserves policies reveal a diverse range of reserve types and levels. This reflects the differing considerations contemplated by each agency's unique financial management and other policies, and make-up of revenue and expense components. Additionally, target or minimum-maximum amounts for identified reserves are not readily described in policy statements. For example, the proportion of volumetric revenue; use of debt or pay-as-you-go; and size of the agency. These varying considerations make for an imperfect benchmarking comparison. In an attempt to determine the range of reserves budgeted in other water agencies, a basic measure looking at the amount of reserves as a percentage of annual operating budget was used. The results ranged from 13% (Sonoma County Water Agency) to 80% (Contra Costa Water Agency). Based on a 5% water rate increase scenario for 2012, the Water Enterprise Fund reserves is projected at 52% of the annual operating budget.

Water Enterprise Reserves

[1] Appropriate Level of Unreserved Fund Balance in the General Fund (2002) GFOA Recommended Practice

As previously outlined, the Water Enterprise Fund (52) has the following Designated and Unrestricted Reserves for FY10/11 (unaudited actuals), and FY11/12 (projected assuming a 5% water rate increase for 2012):

Water Enterprise Fund (52)	Unaudited Actuals Ending Balance FY10/11	Projected Reserves Ending Balance FY11/12
Designated Reserves		
Rate Stabilization Reserve	$5.0 Million	$5.0 Million
Operating/Emergency Reserve	$7.3 Million	$6.7 Million
Designated Reserve	$0	$0
Unrestricted Reserve	$7.6 Million	$5.6 Million
Total	$19.9 Million	$17.3 Million

Approximately $2.0 million of the FY10/11 and FY11/12 Total Reserve balances is set aside for anticipated future Bay-Delta related expenses based on estimated costs received from DWR and other Delta-related expenses.

Under the Reserve Fund Policy, the Operating/Emergency Reserve is currently targeted at 20% of the annual operating budget. Given the current budget, 20% is a target level of $6.7 million. A recent Water Research Foundation survey of water agencies' Internal Financial Policies performed in the first quarter of 2011 recommends a working capital reserve of greater than or equal to 3 months (or 33%) of annual operating and maintenance expenses. The Unrestricted and Designated (not Rate Stabilization or Operating/Emergency) Reserves are typically used for planned budget smoothing. A prescribed target amount for the Designated Reserve at, say, 10% of the annual operating budget, can facilitate absorption of budget bumps in the future. Another way of looking at this is that while 20% may be low for an Operating/Emergency Reserve, taken together with the Unrestricted Reserve, the total reserve might be considered $12.3 million, or 37% of the operating budget.

The Water Research Foundation survey also suggests that a contingency/rate stabilization-type reserve should be targeted at 20% of the annual water volume revenues. If applied to Zone 7, the Rate Stabilization Reserve could be targeted at $6.4 million (20% of projected FY10/11 water volume revenue). Applying this guideline, the current level of $5,000,000 might be considered low. A higher target level makes some sense given that over the last dozen years, actual deliveries have varied from 80% to 106% of the requested deliveries. Given the unpredictability of revenue plus the significant swings in water costs (budgets are based on normal operations but there are major variations in hydrology and allocations; taken with the desire to store as much as possible both in-basin as well as in Semitropic and Cawelo, when the water is available), a larger Rate Stabilization Reserve could make sense.

Renewal/Replacement & System-Wide Improvements Working Capital
The recent AMP study established an annual transfer amount for capital projects. Establishing an annual amount preserves rate stability even when actual capital expenditures may vary. The R/R&SWI Fund (72) has the following Designated and Unrestricted Reserves for FY10/11 (unaudited actuals), and FY11/12 (projected assuming a 5% water rate increase for 2012):

Renewal/Replacement & System-Wide Improvements Fund (72)	Unaudited Actuals Ending Balance FY10/11	Projected Reserves Ending Balance FY11/12
Designated Reserves		
Capital Projects and Contingencies Reserve	$16.5 Million	$14.6 Million
Building Sinking Fund	$2.3 Million	$2.7 Million
Unrestricted Reserve	$0	$0
Total	$18.8 Million	$17.3 Million

The working capital amount is based on the funding needs of capital projects as described in the 10-Year CIP for R/R&SWI. The CIP is updated, reviewed, and adopted by the Board every two years. The 40-year AMP (most recently adopted by the Board in June 2011) to maintain, renew, replace and improve existing assets is periodically updated to reflect necessary and changing project needs and related funding. As the AMP projects are systematically incorporated into the 10-Year CIP for R/R&SWI, the Designated Reserve levels in this Fund is maintained at a level necessary to carry out the planned projects without any excess or Unrestricted Reserve.

The use of these various reserve funds over the last several years is shown in a series of graphs, along with a table showing existing Water Enterprise reserves and different options which are attached.

RECOMMENDED ACTION:

Receive the presentation and discuss the reserve funds status.

Attachments:
A – Financial Management Policy
B – Reserve Fund Policy
Historical Use of Reserves and Balances – Funds 52 and 72
Existing Reserves and Various Options
CSDA Special District Reserve Guidelines

ATTACHMENT C

Financial Management Framework

1. Purpose

To direct staff to prudently manage Zone 7's funds and to maintain financial and accounting records of all transactions in accordance with generally accepted accounting principles.

To adequately plan for the funding of current and future operational requirements and capital resources necessary to achieve the Agency's mission.

To provide staff with a framework to develop policies and procedures to ensure Zone 7's mission by providing financial health and stability to the Agency.

To direct staff that the assessment, levy and collection of taxes, the adoption of the Agency budget, and the appropriation, accounting, and transfer of funds shall be governed by general law and in accordance with generally accepted accounting principles and practices.

2. Administration of the system

In keeping with Resolution No. 09-3266, which states that "The Agency's General Manager has full charge and control of the day-to-day management, operation and administration of the Agency," the General Manager shall retain primary jurisdiction, responsibility, and authority for all matters pertaining to the day-to-day financial management of the Agency. To direct, control, supervise, and manage the development, preparation, organization, administration, operation, implementation, and maintenance of a comprehensive financial management program for Zone 7 Water Agency, the General Manager shall be designated as the fiscal officer of the Agency.

The General Manager may delegate any of the powers and duties conferred upon him or her as fiscal officer to any other employee of the Agency or may recommend that such powers and duties or any part of them be performed under contract.

3. Security of the system

The General Manager shall cause an audit of the financial transactions and records of the Agency to be made at least annually by a third party certified public accountant (i.e., one not employed by the Agency). As soon as possible at the end of each fiscal year a final audit and report shall be completed and submitted to the Board of Directors. Copies shall be placed on file in the office of the General Manager and be available for public inspection.

The General Manager shall also prepare such additional reports as the Board of Directors may from time to time request for information and use in setting financial policies for the Agency.

Attachment D
Zone 7 Water Agency
DRAFT Reserve Fund Policy

Policy Statement

The Zone 7 Board of Directors adopted a Reserve Fund Policy in March 2005 that set forth the principals to be followed in creating and maintaining reasonably prudent reserves for conducting the agency's business.

On November 16, 2011, the Zone 7 ~~of the Alameda County Flood Control and Water Conservation District~~Board ~~has~~ adopted a Financial Management ~~Policy~~ Framework (Framework) which includes planning for current operating and capital resource needs to ensure it can achieve its mission by providing for financial stability and health of the Agency ~~(copy attached)~~. ~~Among the stated goals is to be able to respond to changes in the economic environment and service demands with minimal impact on its customers while maintaining the financial integrity of the Agency.~~The ~~following updates the March~~following updates the March 2005 Reserve Fund Policy has been revised to reflect current conditions, in keeping with the November 16, 2011, Financial Management -Framework.

One of the Framework's goals is to be able to respond to changes in the economic environment and service demands with minimal impact on its customers while maintaining the financial integrity of the Agency.

Key elements of prudent financial planning include ensuring sufficient funding is available for current operating, capital and debt service costs; anticipating and preparing for future funding needs; and allowing for unforeseen disasters and other unforeseen events.

Zone 7 will maintain reserve funds to ensure it can fund emergency expenses; cash flow requirements; capital improvement plans and future operating requirements while avoiding significant rate fluctuations due to changes funding needs. It will also maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenue and operating/capital expenditures. Staff will review the amount of reserves recommended each year with the Board of Directors at the presentation of the annual Agency budget.

Definitions

- Restricted Reserves: Restrictions imposed by an outside source. May be required by bond covenants in the case of debt issuance or by California's Mitigation Fee Act in the case of connection fees.
- Designated Reserves: Set aside for a specific purpose determined by ~~the~~ Zone 7's Board of Directors. The Board of Directors has the authority to redirect the use of these funds as needs of the Agency change.
- Unrestricted Reserves: Have no imposed restrictions as to their use.

~~Designated~~ Reserve Funds

- Emergency/Operating Reserves: Designated by the Board of Directors to provide for emergencies and cash flow requirements. The amount of these reserves is determined by the fund to which they apply. The water enterprise is maintained at 20% of operating expenses; flood control ~~estimated~~ maintained at the estimated flood repair cash flow needs; and the State Water Project at 50% of projected revenue.

- Drought Contingency and Natural Disaster Reserve: ~~(previously Rate Stabilization Reserve):~~ Water sales revenue may be impacted under drought conditions due to regulatory or State and Federal mandated reductions in supply or in the case of an unforeseen event such as a natural disaster, water shortage or other catastrophic event. This reserve will supplement losses to water sales revenue resulting from drought conditions. The balance may be increased or decreased as authorized by the Board based on the continuance and severity of a drought and/or a natural disaster.

- Rate Stabilization and Infrastructure Contingency: ~~(previously Unrestricted Reserve):~~ The Rate Stabilization Reserve is a means to provide more stable water rates; it will be drawn down as needed to smooth rate increases. This reserve will be used to accumulate revenues for use during periods of unanticipated fluctuations in treated water rate revenues. It provides a buffer should actual revenue in any year not meet projections. The use of the reserve shall be in accordance with budget authorizations. This reserve will also include encumbrances for outstanding purchase orders.

  In the event of an unexpected water system infrastructure failure, this reserve may be used to fund repairs required to restore essential service levels. The balance in the reserve shall not exceed 50% of annual treated water sales revenue. In the event the reserve balance exceeds 50% of annual treated water sales revenue, the General Manager will make a report and recommendation to the Board.

- Designated Reserve: Designated by the Board of Directors to provide for increases in operating expenses in excess of the target established by the Board. The Board authorizes use of these funds.

- Capital Projects and Contingencies Reserve: These reserves are earmarked by the Board of Directors for capital projects to meet regulatory requirements and ~~,~~ system reliability. Reserves accumulated in the Water Expansion Fund and Flood Protection and Stormwater Drainage Development Impact Fee Fund are earmarked for projects that address the impacts of future demands~~ and future demand~~. ~~–~~These capital improvements are included in the 10-~~-~~year Water System and 5-year Flood Protection Capital Improvement Program ~~Capital Improvement Program, and~~ and the Asset Management Program (AMP)~~ and the 5-year Flood Capital Improvement Program~~, all~~both~~ of which are reviewed by the Board of Directors each fiscal year. To ensure ~~funding is~~resources are available to fund future projects, a target minimum reserve balance for the Water Renewal and Replacement/System-wide Improvements Fund is set at no less than 75% of the following year's capital transfer~~ and as set forth in the AMP~~. This fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP and the reserve balance shall be consistent with the reserve balances forecasted in the 2011 AMP Update and subsequent updates. For the Water Expansion Fund, a minimum reserve balance is set at no less than 50% of the following year's non-discretionary expenditures for the Water Expansion Fund. These reserves are also used to fund unanticipated capital projects. ~~-~~Use of these funds is approved by the Board of Directors~~.~~

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, on February 16, 2005, the Zone 7 Board adopted a reserve policy that set forth the principles to be followed in creating and maintaining reasonably prudent reserves for conducting the Agency's business.

WHEREAS, on November 16, 2011, the Board adopted a Financial Management Framework which includes planning for current operating and capital resource needs to ensure it can achieve its mission by providing for financial stability and health of the Agency.

WHEREAS, the reserve policy has been reviewed and revised to reflect current conditions and appropriate reserve fund purposes.

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby adopt the attached Zone 7 Reserve Policy.

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 October 17, 2012.

By______________________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING DIVISION: ADMINISTRATIVE SERVICES
CONTACT PERSON: TOM HUGHES/TAMARA BAPTISTA/JAVIA GREEN

AGENDA DATE: October 17, 2012 ITEM NO. 8

SUBJECT: Treated Water/Recharge Rate Schedules for 2013

SUMMARY:

- The proposed treated water rate schedules apply to calendar year 2013 and possibly for 2014 if the Board adopts a rate for 2014.
- At the September 19, 2012 Board meeting, the Board directed staff to forward three proposals which all include the same recommendation of a treated water rate of $945 per acre-foot for 2013, which represents no increase from calendar 2012, as shown in the table below. The three options affect 2014: 2.65% increase; no increase; or no second-year rate adoption (i.e., only adopt 2013 rate at this time).
- If approved, the 2013 rates will become effective on January 1, 2013. If a 2014 rate is adopted, the 2014 rate would become effective on January 1, 2014.

	Proposal			
	A, B, & C	**A**	**B**	**C**
Treated Water Rate Year	2013	2014	2014	2014
Treated Water Rate Increase	0%	2.65%	0%	TBD in 2013

RECOMMENDED ACTION:

Staff recommends adopting the attached resolution approving the following Treated Water Service Rates for 2013 and approving rates for 2014 if set at the consumer price index level:

a) Delta charge for 2013 of $21 per acre-foot to be included for all treated water rates.
b) Treated Water rate schedule for 2013; based on $945 per acre-foot (no increase), which includes the Delta charge. If 2014 rate is adopted this year, apply a rate of $970/AF for 2014.
c) Recharge Fee for 2013 of $611 per acre-foot which includes the Delta charge.
d) Temporary Treated Water rate schedule for 2013 of $3.875/CCF which includes the Delta charge. If 2014 rate is also adopted this year, apply a rate of $3.977/ CCF for 2014.
e) Treated Water rate schedule for Private Fire and Standby Service for 2013 of $3.875/ CCF which includes the Delta charge. If 2014 rate is also set this year, apply a rate of $3.977/ CCF for 2014.
f) In-Lieu Water Rate for 2013 of $93 per acre-foot.

M E M O R A N D U M

DATE: October 17, 2012

TO: Jill Duerig, General Manager

FROM: Tom Hughes, Assistant General Manager, Administrative Services
Tamara Baptista, Financial & Systems Services Manager
JaVia Green, Staff Analyst

SUBJECT: Treated Water/Recharge Rate Schedules for 2013

SUMMARY/BACKGROUND:

Staff first presented the preliminary treated water rate to the members of the Tri Valley Water Retailers Group (TWRG) on August 23, 2012. At that meeting and during subsequent discussions, staff from Zone 7 and the retailers agreed to bring forth a recommendation for a two-year rate adoption of no increase in 2013 and an inflationary adjustment of 2.65% in 2014. This recommendation was presented to the Zone 7 Finance Committee on August 28, 2012. The Finance Committee recommended forwarding two proposals for the preliminary 2013 treated water rates to the Board for consideration:

- Proposal A - 0% in 2013 and 2.65% in 2014
- Proposal B - 0% in 2013 and 0% in 2014

At its September 19, 2011 regular meeting, the Board discussed the presentation and directed staff to forward three proposals for the Board's discussion and possible adoption:

- Proposal A - 0% in 2013 and 2.65% in 2014
- Proposal B - 0% in 2013 and 0% in 2014
- Proposal C - 0% in 2013 only

DISCUSSION:

Tiered Rate Structure: In order to maintain a focus on operations as a wholesale water agency, the base treated water rate has historically been tiered with increasing rates for smaller volume service, thus encouraging smaller users to seek service from the major retailers. Additionally, as invoicing has traditionally referenced volume in 100 cubic foot (CF) units, the basic treated water rate is converted from $X per AF to $Y per 100 CF (1 AF = 43,560 CF = 435.60 100 CF). The highest tier, at 179% of the base, applies to each customer taking up to 3,300 CF monthly. The next lower tier, at 143% of the base, applies to the next 30,000 CF, then the next tier, at 114% of the base, applies to the next 300,000 CF. The base tier applies to customers taking delivery of more than 333,300 CF monthly.

Recharge Fee:
The annual rate schedule includes a recharge fee for retailer pumping beyond their respective independent/groundwater pumping quota. This rate applies to the retail agencies with which we have treated water delivery contracts and includes the Delta charge. The proposed rate is $611 per acre-foot (AF) based on the volume of estimated water delivery. This fee applies only when the

Retailers exceed their respective groundwater pumping quota (GPQ). Historically, this fee has been rarely used and then only for small quantities since the retailers generally do not exceed their independent quota.

Temporary Treated:
The temporary treated water rate is based on the first tier of the scheduled treated water rate schedule. Accordingly, for calendar year 2013, the proposed rate is $1,688 per AF or $3.875 per 100 cubic foot (CCF). If a rate is set at this time for 2014, the rate would be $3.977 per CCF. This is in conformance with no increase in the 2013 treated water rate. The need for temporary services stems from the inability of customers to obtain water in the outlying areas of the valley. The use of these services is limited.

Fire and Standby Service:
Each year the Board also sets a treated water schedule for fire and standby service for the Lawrence Livermore National Laboratory (LLNL). In 2004, the Board adopted the recommendation by staff that this rate be set at the first tier of the treated water rate, which is equivalent to the temporary treated water rate, with the application that LLNL must also pay the same monthly service charge of $139 per connection as the regular treated water contractors. Low volume users pay a higher unit cost due to the fixed costs being spread over a smaller volume of water, thereby increasing the cost per unit. The proposed rate is the same as calendar year 2012 rate of $1,688 per AF or $3.875 per CCF. If a rate is set at this time for 2014, the rate would be $3.977 per CCF.

In-Lieu Water Rate
In the event staff concludes that surplus surface water is available in 2013 and that it would be cost-effective to offer it to retailers at a reduced rate to achieve groundwater management objectives, in-lieu treated water could be offered. In-lieu water is treated water that the Retailers can purchase from Zone 7 instead of pumping their respective GPQ. This rate was established in 1993 to encourage artificial recharge when surplus surface water is available. The rate is based on the power and chemical costs at the Del Valle and Patterson Pass Water Treatment plants and is proposed at $93 per AF for 2013.

RECOMMENDED ACTION:

Adopt the attached resolution approving the following Treated Water Service Rates for 2013:
a) Delta charge for 2013 of $21 per acre-foot to be included for all treated water rates.
b) Treated Water rate schedule for 2013; based on $945 per acre-foot (no increase), which includes the Delta charge. If 2014 rate is adopted this year, apply a rate of $970/AF for 2014.
c) Recharge Fee for 2013 of $611 per acre-foot which includes the Delta charge.
d) Temporary Treated Water rate schedule for 2013 of $3.875/CCF which includes the Delta charge. If 2014 rate is also adopted this year, apply a rate of $3.977/CCF for 2014.
e) Treated Water rate schedule for Private Fire and Standby Service for 2013 of $3.875/CCF which includes the Delta charge. If 2014 rate is also adopted this year, apply a rate of $3.977/CCF for 2014.
f) In-Lieu Water Rate for 2013 of $93 per acre-foot.

ATTACHMENT:

Proposals for 2013 & 2014 Water Rates

ATTACHMENT - PROPOSALS FOR 2013 and 2014 WATER RATES

PROPOSAL A: 0% for 2013 and 2.65% (CPI) for 2014

Assumptions:

- Will experience conservation. We used the retailer water delivery request for 2013 - 2017 with their conservation estimates.
- Updated unaudited actuals for FY 11/12 and forecast for FY 12/13. Incorporated projected actuals in future years instead of projected budgets.
- Asset Management Plan (AMP) funding schedule per the Board resolution dated June 15, 2011.
- This proposal provides sufficient funding to balance revenue against cost of service.
- Reclassify the Rate Stabilization Reserve as Drought Contingency.

Calendar Year	**2012**	**2013**	**2014**	**2015**	**2016**
Water Rate per A/F	**$945**	**$945**	**$970**	**$1,009**	**$1,049**
Increase	**5.00%**	**0.00%**	**2.65%**	**4.00%**	**4.00%**
	FY 11/12 Unaudited Actuals	**FY 12/13 Forecast**	**FY 13/14 Preliminary Budget**	**FY 14/15**	**FY 15/16**
Beginning Fund Balance	**21,562,251**	**27,252,955**	**28,037,619**	**26,101,584**	**24,143,766**
Treated Water Revenue	34,915,102	36,937,338	37,112,829	38,745,967	40,780,982
Other Revenue	1,098,694	726,630	863,847	1,097,860	1,286,598
Total Sources	36,013,796	37,663,968	37,976,676	39,843,827	42,067,580
Operating Expenses	25,278,944	30,279,304	31,412,711	32,301,645	33,275,484
Transfer to Fund 72	5,044,148	6,600,000	8,500,000	9,500,000	10,500,000
Total Uses	30,323,092	36,879,304	39,912,711	41,801,645	43,775,484
Ending Fund Balance	**27,252,955**	**28,037,619**	**26,101,584**	**24,143,766**	**22,435,861**
Net Additions/(Uses) of Funds	5,690,704	784,664	(1,936,035)	(1,957,818)	(1,707,904)
Operating/Emergency	6,708,414	6,440,902	6,682,542	6,760,329	7,015,097
Rate Stabilization (proposed Drought Contingency)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Designated Reserves					
Reserve for Encumbrances	1,376,892				
Total Restricted Reserves	13,085,306	11,440,902	11,682,542	11,760,329	12,015,097
Unrestricted Reserves (proposed Rate Stabilization)	14,167,648	16,596,717	14,419,042	12,383,437	10,420,764
Total Reserves	**27,252,955**	**28,037,619**	**26,101,584**	**24,143,766**	**22,435,861**

ATTACHMENT - PROPOSALS FOR 2013 and 2014 WATER RATES

PROPOSAL B: 0% for 2013 and 0% for 2014

Assumptions:

• Same assumptions as Proposal A, except:

• This proposal uses more reserves in FY 13/14 and future years require a higher use of reserves to fund cost of service.

Calendar Year	**2012**	**2013**	**2014**	**2015**	**2016**
Water Rate per A/F	**$945**	**$945**	**$945**	**$992**	**$1,042**
Increase	**5.00%**	**0.00%**	**0.00%**	**5.00%**	**5.00%**
	FY 11/12 Unaudited Actuals	**FY 12/13 Forecast**	**FY 13/14 Preliminary Budget**	**FY 14/15**	**FY 15/16**
Beginning Fund Balance	**21,562,251**	**27,252,955**	**28,037,619**	**25,667,210**	**22,879,482**
Treated Water Revenue	34,915,102	36,937,338	36,678,455	37,916,057	40,290,807
Other Revenue	1,098,694	726,630	863,847	1,097,860	1,286,598
Total Sources	36,013,796	37,663,968	37,542,302	39,013,917	41,577,405
Operating Expenses	25,278,944	30,279,304	31,412,711	32,301,645	33,275,484
Transfer to Fund 72	5,044,148	6,600,000	8,500,000	9,500,000	10,500,000
Total Uses	30,323,092	36,879,304	39,912,711	41,801,645	43,775,484
Ending Fund Balance	**27,252,955**	**28,037,619**	**25,667,210**	**22,879,482**	**20,681,402**
Net Additions/(Uses) of Funds	5,690,704	784,664	(2,370,409)	(2,787,728)	(2,198,079)
Operating/Emergency	6,708,414	6,440,902	6,682,542	6,760,329	7,015,097
Rate Stabilization (proposed Drought Contingency)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Designated Reserves					
Reserve for Encumbrances	1,376,892				
Total Restricted Reserves	13,085,306	11,440,902	11,682,542	11,760,329	12,015,097
Unrestricted Reserves (proposed Rate Stabilization)	14,167,649	16,596,717	13,984,668	11,119,153	8,666,305
Total Reserves	**27,252,955**	**28,037,619**	**25,667,210**	**22,879,482**	**20,681,402**

ATTACHMENT - PROPOSALS FOR 2013 and 2014 WATER RATES

PROPOSAL C: 0% for 2013

Assumptions:

- Same assumptions as Proposal A, except:
- This proposal sets water rates for 2013 only.

Calendar Year	**2012**	**2013**
Water Rate per A/F	**$945**	**$945**
Increase	**5.00%**	**0.00%**
	FY 11/12 Unaudited Actuals	**FY 12/13 Forecast**
Beginning Fund Balance	**21,562,251**	**27,252,955**
Treated Water Revenue	34,915,102	36,937,338
Interest	90,544	137,986
Untreated Water Revenue	483,806	488,644
Other Revenue	524,344	100,000
Other Revenue	1,098,694	726,630
Total Sources	36,013,796	37,663,968
Operating Expenses	25,278,944	30,279,304
Transfer to Fund 72	5,044,148	6,600,000
Total Uses	30,323,092	36,879,304
Ending Fund Balance	**27,252,955**	**28,037,619**
Net Additions/(Uses) of Funds	5,690,704	784,664
Operating/Emergency	6,708,414	6,440,902
Rate Stabilization (proposed Drought Contingency)	5,000,000	5,000,000
Designated Reserves		
Reserve for Encumbrances	1,376,892	
Total Restricted Reserves	13,085,306	11,440,902
Unrestricted Reserves (proposed Rate Stabilization)	14,167,649	16,596,717
Total Reserves	**27,252,955**	**28,037,619**

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Adoption of the Treated Water Service Rates for 2013 (Proposals A, B, & C)

BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedule for Treated Water, Recharge, Temporary Treated Water, Fire and Standby and In-Lieu services be adopted:

BE IT FURTHER RESOLVED that the 2013 Delta Charge shall be $21 per acre-foot for all categories of Zone 7's water rates and the Board does hereby reserve the right to, by resolution, increase, decrease or eliminate this Delta Charge at any time based on actual experience.

FIRST, for Treated Water service a service charge of $136.00 per month per metered service; and

A delivery charge, based on $945 per acre-foot, in 100 cubic feet (CCF) units for all metered water delivered to each customer per month, which includes the Delta Charge as follows:

For the first 3,300 cubic feet	--	$3.875 per CCF
For the next 30,000 cubic feet	--	$3.102 per CCF
For the next 300,000 cubic feet	--	$2.473 per CCF
For all over 333,300 cubic feet	--	$2.169 per CCF

SECOND, for Recharge services a recharge fee of $611/acre-foot, which includes the Delta charge, which is the 2013 unit cost of replenishment water to achieve full cost of recovery when it is necessary to replenish the main groundwater basin when water is pumped in excess of a retailers Groundwater Pumping Quota or Independent Quota.

THIRD, for Temporary Treated Water service an initial service establishment charge of $136.00 per turnout for each new direct connection to the Zone system; and

A monthly meter service charge of $21.00 per turnout; and

A charge of $3.875 per CCF, which includes the Delta Charge for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

FOURTH, for Fire and Standby services a service charge of $136.00 per month for the connection; and

There shall be no charge for water used for extinguishing accidental fires. All other water used shall be charged for, based on metered amounts, at $3.87 per CCF, which includes the additional Delta charge.

FIFTH, for In-Lieu water services, a water rate of $93 for calendar year 2013, and authorize the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District to offer to any treated water contractor who takes delivery of treated water from Zone 7 in lieu of pumping groundwater per their Groundwater Pumping Quota should appropriate circumstances be identified; and

Zone 7 may offer this rate to its treated water contractors who have a Groundwater Pumping Quota (GPQ) (including well pumping capacity) if sufficient surface water is available and if it is deemed financially and operationally prudent; and, In-Lieu quantities will be limited to each contractor's GPQ plus any accumulated carry-over.

BE IT FURTHER RESOLVED that said rate schedule for treated water service as adopted herein shall be effective on January 1, 2013 and shall end on the next effective date for such water rates as adopted by the Board.

BE IT FURTHER RESOLVED that the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District is hereby authorized to continue to enter into, renew, modify and otherwise administer all Temporary Treated Water service agreements in accordance with said rate schedules adopted herein and as may be modified from time to time.

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 Alameda County Flood Control and Water Conservation District on October 17, 2012,

By____

President, Board of Directors

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Adoption of the Treated Water Service Rates for 2014 (Proposal A)

BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedule for Treated Water, Temporary Treated Water, and Fire and Standby be adopted:

BE IT FURTHER RESOLVED that the 2014 Delta Charge shall be $21 per acre-foot for all categories of Zone 7's water rates and the Board does hereby reserve the right to, by resolution, increase, decrease or eliminate this Delta Charge at any time based on actual experience.

FIRST, for Treated Water service a service charge of $140.00 per month per metered service, the increase of which is based on the Consumer Price Index (CPI); and

A delivery charge, based on $970 per acre-foot, in 100 cubic feet (CCF) units for all metered water delivered to each customer per month, which includes the Delta Charge as follows:

For the first 3,300 cubic feet	--	$3.977 per CCF
For the next 30,000 cubic feet	--	$3.184 per CCF
For the next 300,000 cubic feet	--	$2.538 per CCF
For all over 333,300 cubic feet	--	$2.226 per CCF

SECOND, for Temporary Treated Water service an initial service establishment charge of $140.00 per turnout for each new direct connection to the Zone system, the increase of which is based on the CPI; and

A monthly meter service charge of $21.00 per turnout; and

A charge of $3.875 per CCF, which includes the Delta Charge for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

THIRD, for Fire and Standby services a service charge of $140.00 per month for the connection, the increase of which is based on the CPI; and

There shall be no charge for water used for extinguishing accidental fires. All other water used shall be charged for, based on metered amounts, at $3.97 per CCF, which includes the additional Delta charge.

BE IT FURTHER RESOLVED that said rate schedule for treated water service as adopted herein shall be effective on January 1, 2014 and shall end on the next effective date for such water rates as adopted by the Board.

BE IT FURTHER RESOLVED that the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District is hereby authorized to continue to enter into, renew, modify and otherwise administer all Temporary Treated Water service agreements in accordance with said rate schedules adopted herein and as may be modified from time to time.

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 Alameda County Flood Control and Water Conservation District on October 17, 2012,

By____

President, Board of Directors

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Adoption of the Treated Water Service Rates for 2014 (Proposal B)

BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedule for Treated Water, Temporary Treated Water, and Fire and Standby be adopted:

BE IT FURTHER RESOLVED that the 2014 Delta Charge shall be $21 per acre-foot for all categories of Zone 7's water rates and the Board does hereby reserve the right to, by resolution, increase, decrease or eliminate this Delta Charge at any time based on actual experience.

FIRST, for Treated Water service a service charge of $136.00 per month per metered service; and

A delivery charge, based on $945 per acre-foot, in 100 cubic feet (CCF) units for all metered water delivered to each customer per month, which includes the Delta Charge as follows:

For the first 3,300 cubic feet	--	$3.977 per CCF
For the next 30,000 cubic feet	--	$3.184 per CCF
For the next 300,000 cubic feet	--	$2.538 per CCF
For all over 333,300 cubic feet	--	$2.226 per CCF

SECOND, for Temporary Treated Water service an initial service establishment charge of $136.00 per turnout for each new direct connection to the Zone system; and

A monthly meter service charge of $21.00 per turnout; and

A charge of $3.875 per CCF, which includes the Delta Charge for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

THIRD, for Fire and Standby services a service charge of $136.00 per month for the connection; and

There shall be no charge for water used for extinguishing accidental fires. All other water used shall be charged for, based on metered amounts, at $3.87 per CCF, which includes the additional Delta charge.

BE IT FURTHER RESOLVED that said rate schedule for treated water service as adopted herein shall be effective on January 1, 2014 and shall end on the next effective date for such water rates as adopted by the Board.

BE IT FURTHER RESOLVED that the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District is hereby authorized to continue to enter into, renew, modify and otherwise administer all Temporary Treated Water service agreements in accordance with said rate schedules adopted herein and as may be modified from time to time.

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 Alameda County Flood Control and Water Conservation District on October 17, 2012,

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 DIVISION: ADMINISTRATIVE SERVICES
CONTACT PERSON: TOM HUGHES/TAMARA BAPTISTA/JAVIA GREEN

AGENDA DATE: October 17, 2012 ITEM NO. 9

SUBJECT: **Untreated Water Rates for 2013**

SUMMARY:

For calendar year 2013:

- The proposed untreated water rate is $110/acre-foot (AF).
- The proposed temporary untreated water rate is $437/AF.
- The proposed non-scheduled untreated water rate is $437/AF.
- The proposed surplus untreated water rate is $232/AF.
- The proposed rates all include the Delta charge of $21/AF.

FUNDING:

The proposed rates determine the amount of revenue from untreated water sales as a part of operating the Water Enterprise (Fund 52), which equates to approximately $446,490 if the projected demand of 4,059 AF is realized.

RECOMMENDED ACTION:

Adopt the attached resolution to approve, for 2013, an Untreated Water rate of $110/AF, a Temporary Untreated Water rate of $437/AF, a Non-Scheduled Untreated Water rate of $437/AF, and a Surplus Untreated Water rate of $232/AF.

M E M O R A N D U M

DATE: October 17, 2012
TO: Jill Duerig, General Manager
FROM: JaVia Green, Staff Analyst
Tamara Baptista, Financial & Systems Services Manager
Tom Hughes, Assistant General Manager, Administrative Services

SUBJECT: Untreated Water Rate Schedules for 2013

SUMMARY:

For calendar year 2013:

- The proposed untreated water rate is $110/acre-foot (AF).
- The proposed temporary untreated water rate is $437/AF.
- The proposed non-scheduled untreated water rate is $437/AF.
- The proposed surplus untreated water rate is $232/AF.
- The proposed rates all include the Delta charge of $21/AF.

BACKGROUND/DISCUSSION:

Untreated -The Untreated Water Rate is based on the cost of State Water Project water transportation variable charges, Byron-Bethany Irrigation District (BBID) water, Del Valle Water Rights, Yuba Dry Year Water Purchase Program, Bay-Delta related costs and an administrative fee based on actual staff costs. BBID, Del Valle Water and the Yuba Dry Year Water Purchase Program are sources of imported water, which can be used for untreated customers. The administrative fee is actual staff time spent on administering the untreated water program, including the contracts. The labor is calculated based on the number of hours individual staff work on untreated water-related projects divided by the volume of water. The proposed rate of $110 per AF, which includes a $21/AF Bay-Delta charge, represents an increase of approximately 20% compared to the current rate.

Temporary Untreated - The need for temporary services results from the inability of customers to obtain water in the outlying areas of the valley. The use of these services is limited. The temporary untreated water rate is based on the estimated cost of water from the State Water Project, Bay-Delta costs and the Byron-Bethany Irrigation District divided by the estimated customer deliveries minus the estimated available water from the Del Valle reservoir plus an administrative cost component based on actual staff costs. The proposed rate for temporary untreated water is $437 per AF or $1.34 per 1,000 gallons.

Non-Scheduled Untreated Water - Non-scheduled water is all untreated water deliveries exceeding scheduled deliveries by more than 10% in any year. It is based upon the temporary untreated water rate. The proposed rate for non-scheduled untreated water is $437 per AF.

Surplus Untreated - Surplus untreated water deliveries are available only in years when the supplies exceed our customers' demands. Tentative surplus water delivery requests are submitted to Zone 7 by March 15 of each year; availability of surplus water is determined in April; and actual deliveries are announced in May. The rate fluctuates depending on the source of the surplus. However, in order to establish a rate, staff is recommending that the rate for 2013 be maintained at the Byron-Bethany Irrigation District water transfer cost, the cost of transporting water, and the Bay-Delta charge of $21 per AF. The proposed rate is $232 per AF.

RECOMMENDED ACTION:

Adopt the attached resolution to approve, for 2013, an Untreated Water rate of $110/AF, a Temporary Untreated Water rate of $437/AF, a Non-Scheduled Untreated Water rate of $437/AF, and a Surplus Untreated Water rate of $232/AF.

Zone 7 Water Agency
Untreated Water Rate
Calculation for 2013

1. Volume of Treated and Untreated Water to be Delivered to Contractors (in AF)		42,268
Estimated Water Costs	**Amount**	**per AF**
2. Byron Bethany Irrigation District (BBID) Costs	$875,000	$21
3. Yuba Dry Year Water Purchase Program	$60,000	$1
4. Del Valle Water Rights	$3,000	$0
5. Unit Fixed Cost (2+3+4) ÷ (1)	$938,000	$22
6. SWP Transportation Variable Unit Cost	$2,414,501	$57
7. Subtotal Unit Cost (5+6)	$3,352,501	$79
8. Zone 7 Administrative costs	$427,371	$10
9. Delta Charge	$898,618	$21
10. Total Unit Cost (6+7+8 rounded to nearest dollar)	$4,649,480	$110

Zone Water Agency
Temporary Untreated Water Rate
Calculation for 2013

1. Volume of Treated & Untreated Water estimated to be delivered to Contractors (A/F)	42,268
2. Amount Available from Del Valle Reservoir	0
3. Net Volume of Treated & Untreated Water estimated to be delivered (A/F)	42,268
Estimated Expenses	***Amount***
4. a) State Water Supply	$13,325,964
b) Off-Aqueduct Power Facilities	$509,159
c) Variable Transportation Water Charges	$2,414,501
d) Byron Bethany Irrigation District (BBID) Costs	$875,000
5. Total Expenses	$17,124,624
6. Unit Cost per AF(5 ÷ 3)	$405.14
7. Zone 7 Staff costs per AF	$10.11
8. Delta Charge per AF	$21.26
9. Total Unit Cost with Delta Charge (6+7+8) in $ per AF	$436.51 $437.00
Or in $ per 1,000 gallons	$1.34

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Adoption of the Untreated Water Rates for 2013

BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedule for Untreated Water, Temporary Untreated Water, Non-Scheduled Untreated, and Surplus Untreated Water Services, be adopted:

FIRST, for Untreated Water Service, a DELIVERY CHARGE of $110 per acre-foot for all metered water delivered to each customer per month, which includes the Bay-Delta Charge.

SECOND, for Temporary Untreated Water Service, an initial service establishment charge of $125.00 per turnout for each new direct connection to the Zone system or a system supplying the Zone system; and

A monthly service charge of $21.00 per turnout; and

A charge of $1.34 per 1000 gallons for temporary untreated water service, which includes the additional Bay-Delta charge, for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

THIRD, for Non-Scheduled Untreated Service, a delivery charge of $437 per acre-foot for all non-scheduled untreated water delivered to each customer which includes the Bay-Delta charge.

FOURTH, for Surplus Untreated Water Service, a delivery charge of $232 per acre-foot for all surplus untreated water delivered to each customer which includes the Bay-Delta charge.

BE IT FURTHER RESOLVED that said rate schedule for Untreated Water Services, collectively, shall be effective on January 1, 2013, and shall end on the next effective date for such water rates as adopted by the Board.

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 October 17, 2012.

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/INTEGRATED PLANNING
CONTACT: JAVIA GREEN/AMPARO FLORES

AGENDA DATE: October 17, 2012 ITEM NO. 10

SUBJECT: Proposed 2013 Municipal & Industrial Water Connection Fee

SUMMARY:

- Zone 7 established the Municipal & Industrial (M&I) Connection Fee Program in 1972 to assess water connection fees on new development in order to fund water system expansion projects required to serve additional water demands from new development.

- The Board resolved with the adoption of the 2002 Connection Fee (Resolution No. 02-2450), that the basic fee be updated annually, at a minimum, based on the Engineering News Record Construction Cost Index (ENR CCI), or as warranted to keep current with plans and projections based on periodic reviews.

- One of these periodic reviews was performed in 2011. Zone 7 staff determined that the future funding needs of the program were in-line with the existing connection fees. The review recommended annual increases based on ENR CCI to account for the impact of inflation on future projects.

  Staff recommends adjusting the current Water Connection Fee by 2.47%, which is the change in the 20-City ENR CCI from September 2011 to September 2012. The resultant 2013 water connection fees for a basic 5/8" meter would be as shown in Table 1 below.

Table 1 – Proposed 2013 Basic Connection Fee

M&I Connection Fee	2012 Basic Connection Fee	Proposed 2013 Basic Connection Fee
Zone 7	$22,930	$23,500
Dougherty Valley	$21,230	$21,750

FUNDING:

Water connection fee revenue accrues to Fund 73 – Expansion.

RECOMMENDED ACTION:

Adopt attached resolution.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

CONNECTION FEES FOR THE ZONE 7 AND DOUGHERTY VALLEY SERVICE AREAS EFFECTIVE JANUARY 1, 2013

WHEREAS, a Water Connection Fee Program for Zone 7 of Alameda County Flood Control and Water Conservation District (Zone 7) was adopted by District Ordinance No. FC 72-1 on January 18, 1972 and was subsequently amended by Ordinances Nos. FC 77-2, FC 86-136, and FC 0-91-68; and

WHEREAS, said Ordinances provide that the water connection fee is subject to periodic review and modification at the discretion of the Board of Directors of Zone 7 (Board); and the Board resolved with the 2002 amended connection fee (Resolution No. 02-2450) that the basic fee be updated, at a minimum, based on the Engineering News Record Construction Cost Index, or other appropriate index on a yearly basis or as otherwise warranted, to keep current with inflation and that the connection fee program be comprehensively reevaluated every three years or sooner as needed; and

WHEREAS, such comprehensive review was completed in 2011.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby amends the basic fee for a standard 5/8" meter, as specified in said Ordinances, within the Zone 7 service area to $23,500 and within the Dougherty Valley Service Area to $21,750. For meter types larger than the 5/8" basic meter, the basic charge shall be multiplied by a fee factor as described in Zone 7's Ordinance No. FC 0-91-68.

BE IT FURTHER RESOLVED that said basic fee as amended herein shall become effective January 1, 2013, and remain in effect until such time as the Board establishes a new basic fee for Zone 7.

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 Alameda County Flood Control and Water Conservation District on October 17, 2012.

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: Integrated Planning
CONTACT: Carol Mahoney/Brad Ledesma

AGENDA DATE: October 17, 2012 ITEM NO. 11

SUBJECT: Consider Adopting Revised Reliability Policy for Municipal & Industrial Water Supplies

SUMMARY:

- Over the years, there have been discussions between Zone 7 Water Agency (Zone 7) and the Retailers about revising Zone 7's 2004 Reliability Policy.
- As a result, Zone 7 staff collaborated with the Retailers to develop a proposal for changing the existing reliability policy (Resolution 04-2662) for the Zone 7 Board of Directors to consider.
- This collaboration included a workshop with the Retailers in March 2012, meeting with the Tri-Valley Water Retailers Group in August 2012, presenting to the Dublin San Ramon Services District (DSRSD) Water Committee and Board of Directors on August 23 and September 18, 2012, respectively, and participating in a Liaison Committee with the Retailers on September 11, 2012.
- Based on this collaboration, staff is recommending that the Board consider adopting a new reliability policy to reflect the following level of service goals:
  - Meet 85% of M&I water demands 99% of the time,
  - Meet 100% of M&I demands 90% of the time, and
  - At least 80% of the maximum month demand during an extended unplanned outage.
- These new level of service goals will allow Zone 7 to continue to provide a reliable, high-quality water supply to its municipal and industrial customers.

FUNDING:

No significant funding impacts since these levels of service are consistent with the most recent Capital Improvement Program.

RECOMMENDED ACTION:

Adopt the attached resolution that rescinds Resolution 04-2662 and establishes a new water supply reliability policy.

ATTACHMENTS:

1. Memorandum
2. Resolution

INTEROFFICE MEMORANDUM

DATE: 10/16/12

TO: Carol Mahoney, Integrated Planning Manager

FROM: Brad Ledesma, Associate Engineer

SUBJECT: Revised Reliability Policy for Municipal & Industrial Water Supplies

BACKGROUND:

Over the years, there have been discussions between Zone 7 Water Agency (Zone 7) and the Retailers[1] about revising Zone 7's existing water supply reliability policy, Resolution 04-2662. As a result, Zone 7 staff collaborated with the local retailers to evaluate the influence costs and water supply mix may have on the reliability and sustainability of Zone 7's water system.[2]

Zone 7 staff then held a series of workshops and meetings with the Retailers to develop a proposal for changing the existing reliability policy (Resolution 04-2662)[3] for the Zone 7 Board of Directors to consider. Zone 7 staff is now proposing that the Zone 7 Board of Directors consider changing the existing reliability policy to reflect new level of service goals that will allow Zone 7 to continue to maintain a highly reliable municipal and industrial (M&I) water.

DISCUSSION:

The existing reliability policy consists of two goals. The first goal is to meet 100% of treated water customer water supply needs during an average year, single-dry year, and multiple dry water years. The second goal is to meet 75% of maximum daily M&I demand should any one of Zone 7's major supply, production, or transmission facilities experience an extended unplanned outage.

Both of these goals do not effectively provide Zone 7 the flexibility to:

1. Manage the uncertainty associated with the long-term reliability of the State Water Project due to the crisis in the Delta;
2. Respond to prolonged facility outages; and
3. Plan its water system using level of service goals that are consistent with other water agencies within the San Francisco Bay Area.

Consequently, Zone 7 staff worked with the Retailers to develop revised level of service goals that will provide Zone 7 the flexibility to manage uncertainty in the Delta, to reasonably respond to prolonged facility outages, and to be consistent with industry standards.

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[1] The Retailers include California Water Service Company, City of Livermore, City of Pleasanton, and Dublin San Ramon Services District.

[2] The majority of this analysis was completed as part of the 2011 Water Supply Evaluation (WSE), available at: http://www.zone7water.com/2011-water-supply-evaluation

[3] On August 18, 2004, Zone 7 Water Agency (Zone 7) adopted the Reliability Policy for Municipal and Industrial (M&I) Water Supplies (Resolution 04-2662) to help guide water supply and facility investments for Zone 7's water system, see Attachment 1.

1. Flexibility to Manage Uncertainty in the Delta

Zone 7's current reliability policy requires that it provide 100% of M&I demands, even during prolonged droughts, regardless of external influences stemming from the Delta crisis. Consequently, instead of being able to ask customers to reduce demands temporarily during drought conditions in the face of such extreme circumstances in the Delta, Zone 7 must continue to expend valuable resources securing new water supplies to maintain a reliability of 100%.

Changing the first goal to something less than 100% of M&I demands should provide Zone 7 with the additional flexibility and time necessary to evaluate, develop, and implement cost-effective solutions necessary to allow Zone 7 to continue to provide a reliable, high-quality water supply to its customers in the face of an uncertain water supply future.

2. Flexibility to Reasonably Respond to Prolonged Facility Outages

Zone 7's current reliability policy requires that it provide 75% of maximum daily M&I demands during an unplanned facility outage; this requirement drives capacity planning in the CIP. However, per numerous discussions with Zone 7's operations staff and the Retailers, planning capacity based on outages on the few days per year with the highest water use is very conservative.

For example, one scenario evaluated[4] assumed that all of the treatment capacity associated with the Del Valle Water Treatment Plant (DVWTP) happens to be lost on the highest water use day of the year (i.e., the maximum day), which typically occurs between 1 to 5 out of 365 days – less than 2% of the time. Additionally, barring a major emergency (e.g., an earthquake, Delta levee failure, or transmission line burst), it would take multiple, simultaneous failures of internal plant equipment to lose all treatment capacity for an entire day. Furthermore, most single day emergencies at one of Zone 7's facilities would likely be resolved before Zone 7's customers even have an opportunity to respond by reducing their water use.

Changing the second goal to reflect a prolonged outage on the maximum month instead of the maximum day should allow Zone 7 to develop more cost-effective solutions to major, prolonged outages, while also providing the time necessary to communicate with and obtain a response from its customers.

3. Comparison to Other Agencies in the San Francisco Bay Area

As shown on Figure 1, Zone 7 is the only water agency in the East Bay with a policy of providing 100% of M&I water demands during prolonged droughts; changing the reliability policy to something less than 100% would bring Zone 7's policy in-line with the policies of other water agencies in the area.

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[4] This evaluation is documented in the 2011 Water Supply Evaluation (http://www.zone7water.com/2011-water-supply-evaluation).

Revised Policy:

Based on input provided by the water retailers between March and September 2012, including positive feedback from DSRSD,[5] staff is recommending that the Board consider revising Resolution 04-2662 to reflect the following level of service goals:

- Level of Service Goal 1 (see Figure 2):
  - Meet 85% of M&I water demands 99% of the time
  - Meet 100% of M&I demands 90% of the time
- Level of Service Goal 2 (see Figure 3):
  - At least 80% of the maximum month demand during an extended unplanned outage

These new level of service goals better reflect uncertainty associated with the Delta and future water supplies, along with new data and modeling techniques, but are also consistent with recent publications by the California Urban Water Agencies on water supply reliability.[6] The proposed changes will help Zone 7 continue to provide a reliable, high-quality water supply to its customers.

RECOMMENDATION:

Adopt the attached resolution that rescinds Resolution 04-2662 and establishes a new water supply reliability policy.

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[5] On September 20, 2012, DSRSD sent a letter to Zone 7 expressing their support of the proposed changes (see Attachment 2).

[6] In August 2012, CUWA published a report on water supply reliability, which is available at: http://www.cuwa.org/pubs/CUWA_WaterSupplyReliability.pdf

FIGURES

Figure 1. Existing Reliability of Other Water Agencies in the Bay Area

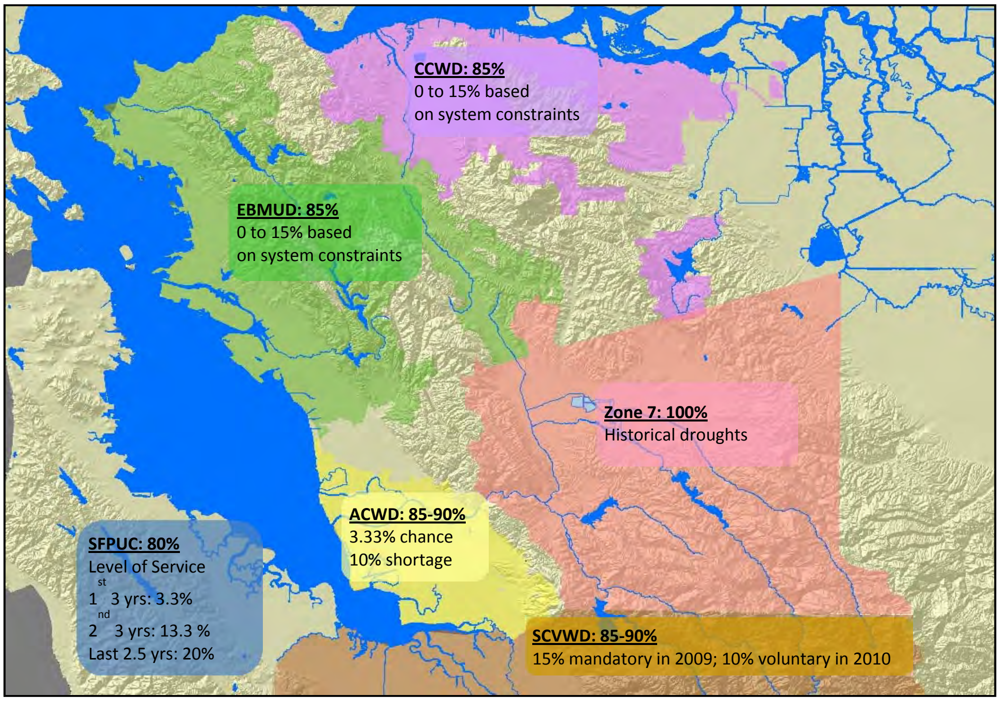


Figure 2. Level of Service Goal 1

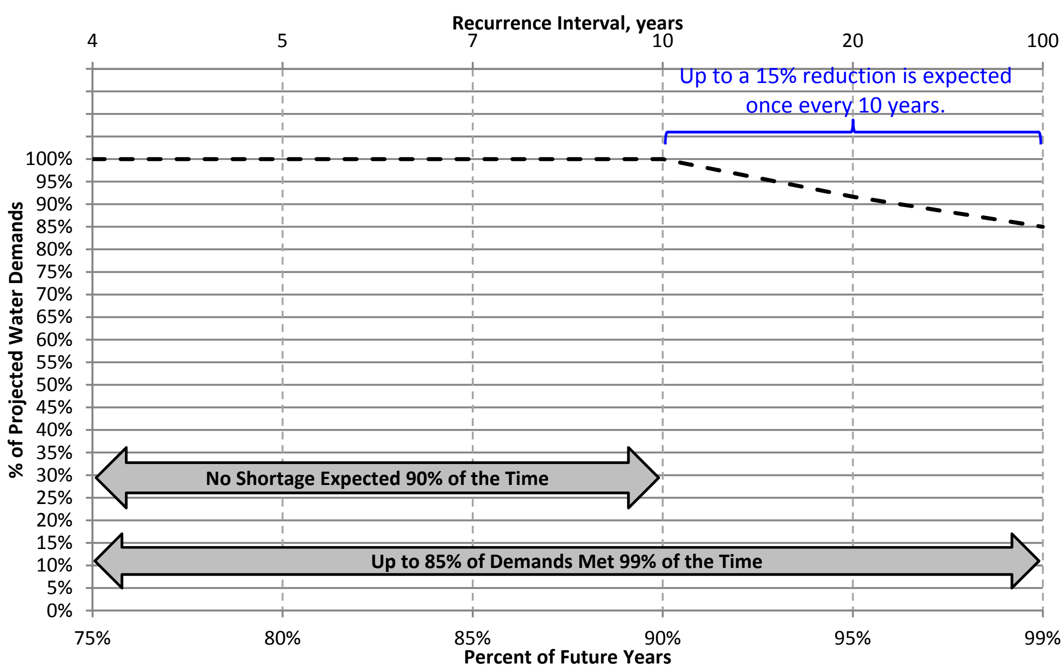
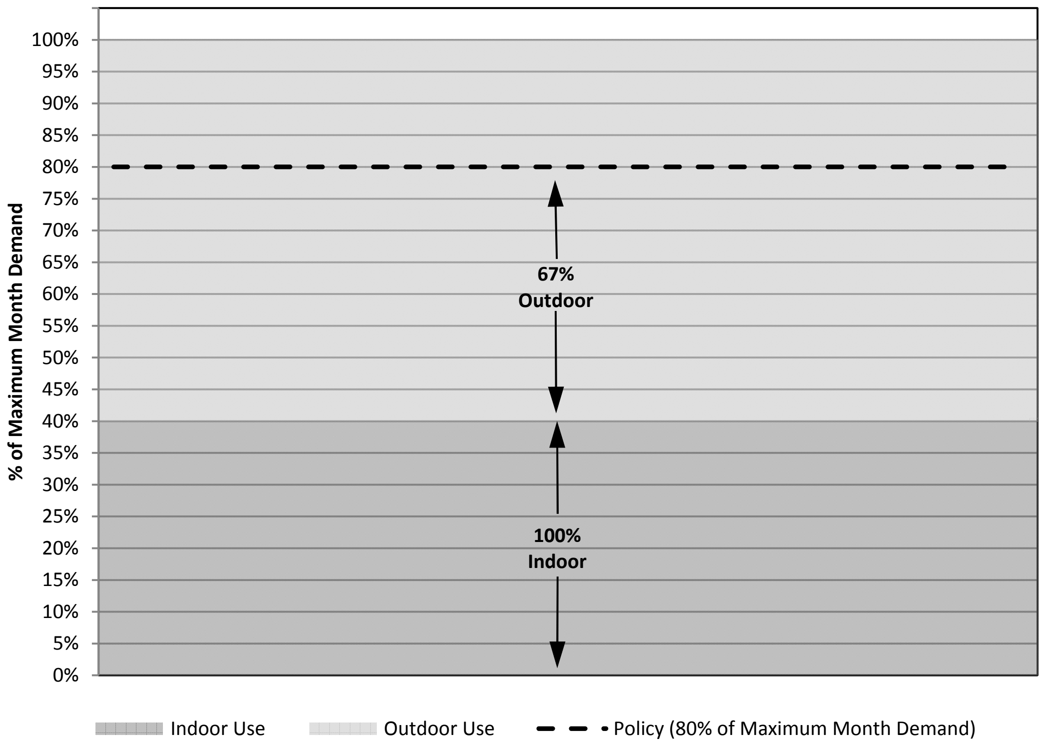


Figure 3. Level of Service Goal 2



ATTACHMENT 1: Copy of Existing Reliability Policy
ATTACHMENT 2: Letter from Dublin San Ramon Services District

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO 04-2662

INTRODUCED BY DIRECTOR MARCHAND
SECONDED BY DIRECTOR CONCANNON

Reliability Policy for Municipal & Industrial Water Supplies

WHEREAS, the Zone 7 Board of Directors desires to maintain a highly reliable Municipal and Industrial (M&I) water supply system so that existing and future M&I water demands can be met during varying hydrologic conditions; and

WHEREAS, the Board has an obligation to communicate to its M&I customers and municipalities within its service area the ability of the Zone's water supply system to meet projected water demands.

WHEREAS, the Board on May 15, 2002 adopted Resolution No. 02-2382 setting forth its Reliability Policy for Municipal & Industrial Water Supplies; and

WHEREAS, the Zone's current water supply policy includes a provision for a valley-wide groundwater production capability to meet 75% of valley-wide M&I demand in the event of an outage of the South Bay Aqueduct; and

WHEREAS, the Board desires to revise the Reliability Policy to include all Zone 7 water supply facilities and to clarify demand levels for planning purposes;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rescinds Resolution No. 02-2382 adopting the May 15, 2002 Reliability Policy for Municipal & Industrial Water Supplies; and

BE IT FURTHER RESOLVED that the Board hereby adopts the following policy goals regarding reliability[1] to guide the management of the Zone's M&I water supplies as well as its Capital Improvement Program (CIP)[2]:

GOAL 1. Meet 100% of its treated water customers water supply needs in accordance with Zone 7's most current Contracts for M&I Water Supply, including existing and projected demands for the next 20 years as specified in Zone 7's Urban Water Management Plan, (UWMP), which will be coordinated with Zone 7's M&I water Contractors. Zone 7 will endeavor to meet this goal during an average water year[3], a single dry water year[4], and multiple dry water years[5], and

GOAL 2: Provide sufficient treated water production capacity and infrastructure to meet at least 75% of the maximum daily M&I contractual demands should any one of Zone 7's major supply, production or transmission facilities experience an extended unplanned outage.

BE IT FURTHER RESOLVED that to ensure that this Board policy is carried out effectively, the Zone 7 General Manager will provide a water supply status report to the Board every five years with the Zone 7 Urban Water Management Plan that specifies how these goals can be, or are being, achieved.

If the General Manager finds that the goals might not be met, then the Board will hold a public hearing within two months of the General Manager's finding to consider remedial actions that will bring the Zone into substantial compliance with the stated reliability goals. Remedial actions may include, but are not limited to, voluntary conservation or mandatory rationing to reduce water demands, acquisition of additional water supplies, and/or a moratorium on new water connections. After reviewing staff analyses and information gathered at the public hearing, the Board shall, as expeditiously as is feasible, take any additional actions that are necessary to meet the reliability goals during the following five-year period; and

BE IT FURTHER RESOLVED that the Zone 7 General Manager shall prepare an Annual Review of the Sustainable Water Supply Report which includes the following information:

(1) An estimate of the current annual average water demand for M&I water as well as a five-year projection based on the same information used to prepare the UWMP and CIP;

(2) A summary of available water supplies[6] to Zone 7 at the beginning of the calendar year;

(3) A comparison of current water demands with the available water supplies; and

(4) A discussion of water conservation requirements and other long-term water supply programs needed to meet Zone 7 M&I water demands for a single dry water year and multiple dry years, as specified in the Zone's UWMP.

A summary of this review will be provided to M & I customers.

Definitions

[1]**Reliability**—the ability of a water supply system to provide water during varying hydrologic conditions without the need for reductions in water use.

[2]**Capital Improvement Program (CIP)**—the CIP is the Zone's formal program for developing surface and ground water supplies, along with associated infrastructure, including import water conveyance facilities, surface water treatment plants, groundwater wells, and M&I water transmission system to meet projected water demands.

[3] **Average water year**—the statistical average quantity of water from all of the water supplies available to Zone 7 on a contractual or legal basis (e.g., surface water runoff to Del Valle reservoir), based on the historical hydrologic records available to Zone 7.

[4] **Single dry water year**—for the purposes of meeting the requirements of the UWMP, the Zone 7 staff will identify and justify the selection of a calendar year from the historic record that represents the lowest yield from all normally contracted or legally available supplies.

[5] **Multiple dry water years**—for the purposes of meeting the requirements of the UWMP, the Zone 7 staff will identify and justify the selection of three or more consecutive dry years from the historic record that represent the lowest yields from all normally contracted or legally available supplies.

[6] **Available water supplies** consist solely of (1) water supplies that the Zone 7 has contracted for (e.g., listed under Schedule A of the State Water Contract, dry-year water options, special contracts with other water districts, etc.) and (2) water actually stored in surface and subsurface reservoirs.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS CONCANNON, GRECI, KOHNEN, MARCHAND, QUIGLEY

NOES: NONE

ABSENT: DIRECTORS KALTHOFF, STEVENS

ABSTAIN: NONE

I certify that the foregoing is a correct copy of a resolution Adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on

August 18, 2004

By____________________

Vice - President, Board of Directors

DUBLIN
SAN RAMON
SERVICES
DISTRICT

7051 Dublin Boulevard
Dublin, California 94568
Phone: 925 828 0515
FAX: 925 829 1180
www.dsrsd.com

September 20, 2012

Ms. Jill Duerig
General Manager
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

Subject: Proposed Zone 7 Water Reliability Policy

Dear Jill:

At the District's September 18th Board meeting, the Board received a presentation from your staff, Ms. Carol Mahoney, regarding the proposed changes to the Zone 7 Water Reliability Policy. The Board agreed with the District staff recommendation that the proposed policy strike an appropriate balance between water supply reliability and economics for water in the Tri-Valley and that an 85% reliability portfolio provides the appropriate cost/benefit balance.

I would like to express the District's appreciation for the effort your staff invested with both the Retailers and the District during the development of the proposed Water Reliability Policy and for the time Ms. Mahoney devoted to working with the District on this matter. Should you have any questions, please contact me at your convenience.

Sincerely,

Bert L. Michalczyk

BERT L. MICHALCZYK
General Manager

cc: Daniel Smith, City of Pleasanton
Dan McIntyre, City of Livermore
John Freeman, California Water Service Co.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Water Supply Reliability Policy

WHEREAS, the Zone 7 Board of Directors desires to maintain a highly reliable Municipal and Industrial (M&I) water supply system so that existing and future M&I water demands can be met during varying hydrologic conditions; and

WHEREAS, the Board has an obligation to communicate to its M&I customers and municipalities within its service area the ability of Zone 7's water supply system to meet projected water demands; and

WHEREAS, the Board on August 18, 2004 adopted Resolution No. 04-2662 setting forth its Reliability Policy for Municipal & Industrial Water Supplies; and

WHEREAS, the Board desires to revise the Reliability Policy to reflect recent data, analysis, and studies.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rescinds Resolution No. 04-2662 adopting the August 18, 2004 Reliability Policy for Municipal & Industrial Water Supplies; and

BE IT FURTHER RESOLVED that the Board hereby adopts the following level of service goals to guide the management of Zone 7's M&I water supplies as well as its Capital Improvement Program (CIP):

Goal 1. Zone 7 will meet its treated water customers' water supply needs, in accordance with Zone 7's most current Contracts for M&I Water Supply, including existing and projected demands as specified in Zone 7's most recent Urban Water Management Plan (UWMP), during normal, average, and drought conditions, as follows:

- At least 85% of M&I water demands 99% of the time
- 100% of M&I water demands 90% of the time

Goal 2: Provide sufficient treated water production capacity and infrastructure to meet at least 80% of the maximum month M&I contractual demands should any one of Zone 7's major supply, production, or transmission facilities experience an extended unplanned outage of at least one week.

BE IT FURTHER RESOLVED that to ensure that this Board policy is carried out effectively, the Zone 7 General Manager will provide a water supply status report to the Board every five years with the Zone 7 Urban Water Management Plan that specifies how these goals will be, or are being, achieved.

If the General Manager finds that the goals cannot be met during the first five years of the Urban Water Management Plan, then the Board will hold a public hearing within two months of the General Manager's finding to consider remedial actions that will bring Zone 7 into substantial compliance with the stated level of service goals. Remedial actions may include, but are not limited to, voluntary conservation or mandatory rationing to reduce water demands, acquisition of additional water supplies, and/or a moratorium on new water connections. After reviewing staff analyses and information gathered at the public hearing, the Board shall, as expeditiously as is feasible, take any additional actions that are necessary to meet the level of service goals during the following five-year period; and

BE IT FURTHER RESOLVED that the Zone 7 General Manager shall prepare an Annual Review of the Sustainable Water Supply Report which includes the following information:

(1) An estimate of the current annual average water demand for M&I water as well as a five-year projection based on the same information used to prepare the UWMP and CIP;

(2) A Summary of available water supplies to Zone 7 at the beginning of the calendar year;

(3) A comparison of current water demand with the available water supplies; and

(4) A discussion of water conservation requirements and other long-term supply programs needed to meet Zone 7 M&I water demands for single-dry and multiple-dry year conditions, as specified in the Zone 7's UWMP.

A summary of this review will be provided to M&I customers.

<u>Definitions</u>

Level of Service for Annual Water Supply Needs—the level of service is the percent of existing or projected water demand that Zone 7's water supply system can meet during two key conditions: (1) during various hydrologic conditions and (2) during unplanned outages of major facilities.

Capital Improvement Program (CIP)—the CIP is Zone7's formal program for developing surface and ground water supplies, along with associated infrastructure, including import water conveyance facilities, surface water treatment plants, groundwater wells, and M&I water transmission system to meet projected water demands.

Normal conditions—conditions that most closely represent median runoff or allocation from all normally contracted or available water supplies from the historic record.

Average conditions—conditions that most closely represent the average runoff or allocation from all normally contracted or legally available water supplies from the historic record.

Drought conditions—conditions that most closely represent reduced runoff or allocation level from the historic record from all normally contracted or legally available water supplies, including both single-dry and multiple-dry year conditions.

Single-dry year condition—a condition that most closely represents the lowest yield over a one-year period from the historic record from all normally contracted or legally available supplies.

Multiple-dry year condition—a condition that most closely represents three or more consecutive dry years from the historic record that represent the lowest yields from all normally contracted or legally available supplies.

Available water supplies—consist solely of (1) water supplies that Zone 7 has contracted for (e.g., listed under Schedule A of the State Water Contract, dry-year water options, special contracts with other water districts, etc.) and (2) water actually stored in surface and subsurface reservoirs.

Maximum Month—the largest monthly average water use.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: October 17, 2012 ITEM NO. 12

SUBJECT: Consider Amending Strategic Planning Priorities

SUMMARY:

- During the Board Retreat on August 22, 2012, the board reviewed and proposed changes to the Strategic Planning Priorities and the attached Appendix A Strategic Planning Priorities Deliverables, adopted by the Board in March 2010.
- The attached documents show the changes that were proposed.

FINANCIAL:

There is no direct fiscal impact from approving the revisions to the Strategic Planning Priorities.

RECOMMENDED ACTION:

Approve the revisions to the Strategic Planning Priorities.

ATTACHMENTS:

Revised Strategic Planning Priorities

Zone 7 Water Agency

Strategic Planning Priorities

~~March 31, 2010~~August 22, 2012

Introduction

This document is intended to be a quick reference to Zone 7 Water Agency's *Strategic Planning Priorities* identified by the Board of Directors with input from members of the staff.

Establishing *Strategic Planning Priorities* enables Zone 7 to focus on its most immediate needs in an efficient and cost-effective manner. Participation of employees and the retailers not only improves the process and ultimate work product but it also helps secure their support for what the Agency needs to accomplish to effectively serve the public and comply with its mission statement. Ranking the strategic priorities helps Zone 7 staff know where to focus its attention in a sea of too many priorities to possibly address at the same time. The first review by the Board of Directors and Executive Staff of the strategic planning priorities and projected completion dates of deliverables will occur at the July 2010 board meeting and will help ensure that tasks are finished, continue to be pursued, or adjusted as circumstances may require.

Table of Contents

Strategic Planning Priorities

Zone 7 Water Agency's Strategic Planning Priorities are in support of its mission statement that was developed during a Board of Directors workshop several years ago and is considered still very relevant.

> *Zone 7 is committed to providing a reliable supply of high-quality water and an effective flood control system to the Livermore-Amador Valley. In fulfilling our present and future commitments to the community, we will develop and manage the water resources in a fiscally responsible, innovative, proactive, and environmentally responsible way.*

The five general priorities headings under which more specific strategic planning priorities are listed are not placed in any particular order of importance. The strategic planning priorities under each general heading, however, are listed in importance as identified by the Board of Directors and the Executive Staff as constituted at the time. Some priorities that were not scored by the Board and Executive Staff as being "given" (meaning they are obviously a priority), have been moved to a higher position on the list. See Appendix B – Background Information for more details about the ranking process.

~~Assist retailers in providing~~Provide ~~their~~ customers with a reliable, cost-effective and safe water supply.

1.1 Provide safe, adequate, reliable, ~~low-cost~~cost effective drinking water to the retailers for their customers and Zone 7's constituency.

1.2 Comply with all water quality regulatory requirements.

~~1.2~~1.3 Ensure long-term water supply reliability for the valley.

~~1.3~~1.4 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.

1.5 Protect and properly manage groundwater supplies.

~~1.4~~

1.6 Continue implementation and development of planning for the Chain of Lakes.

~~1.5~~1.7 Continue to work with other South Bay Aqueduct contractors to explore possible advantages of increased opportunities for local water storage ~~(e.g., Los Vaqueros)~~ or partnership in regional water supply projects ~~(e.g., Delta Diablo Sanitation District's Regional Desalination Project, which could provide an alternate intake for the South Bay Aqueduct)~~.

~~1.6~~1.8 Work with retailers to develop more local water supplies, including the use of more recycled water.

~~1.7~~1.9 Participate in Delta discussions to protect the Agency's contractual water supply from the State Water Project.

~~1.8~~1.10 Fulfill contractual water supply obligations.

~~1.9~~1.11 Review water reliability policy.

~~1.10 Continue implementation and development of planning for the Chain of Lakes.~~

~~1.11~~1.12 Plan, design and construct ~~new~~additional water treatment plants and transmission facilities as they become necessary.

~~1.12~~1.13 Balance improving water quality with fiscal constraints.

~~1.13~~1.14 Update long-term water supply planning~~, especially in light of the Delta crisis~~.

2 Provide ~~the valley~~Eastern Alameda County with an effective system of flood protection.

2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.

2.2 Continue implementation and development of planning for the Chain of Lakes.

~~2.2~~2.3 Revisit the SMMP and StreamWISE in light of current and long-term fiscal constraints.

~~2.3~~2.4 Collaborate with cities and landowners on flood protection improvements ~~(e.g., Livermore on the El Charro Development Project)~~.

~~2.4 Continue implementation and development of planning for the Chain of Lakes.~~

2.5 Cooperate and collaborate where necessary and beneficial with various state and federal agencies in fisheries restoration and related environmental enhancement efforts.

2.6 Consider alternative funding sources for the SMMP.

2.7 Incorporate any implementation of the SMMP into the CIP.

2.8 Obtain multi-year programmatic permit and engineering report for stream maintenance.

3 Provide the Agency with effective organization, administration and governance.

3.1 Evaluate staff organization in light of changing work functions and demands.

3.2 Continue to evaluate and, if beneficial, separate some functions from the County.

3.3 Develop a succession plan to ensure continued effective management and operations of the Agency upon retirements or other departure of key staff, while being mindful of reorganization opportunities that might be created by attrition.

3.4 Improve internal communications.

3.5 Reevaluate the functions of the Board, committee structure and possibility of greater political activity.

3.6 Work with community colleges and water agency associations in efforts to ensure sufficient operator staff to offset anticipated retirements. (need to rewrite)

3.8 Develop a digital-based, integrated, secure and remotely accessible database of engineering plans and drawings, project management data linked to cost factors, and other correspondence and information.

~~3.8~~3.9 Assure adequate security and emergency preparedness are in place.

4 Operate the Agency in a ~~cost-effective~~fiscally-responsible manner.

4.1 Complete an Agency Financial Plan.

4.2 Evaluate the cost/benefits of ~~bringing in house certain~~ functions traditionally performed by the Zone's consultants and contractors.

4.3 Continue to participate in regional and other efforts to obtain state and federal grant funds to offset the cost of new facilities and programs.

4.4 Review procurement, contracting and other practices to see where more cost savings can be obtained.

5 ~~Improve~~Increase public understanding of the Agency and its functions~~the challenges it faces with respect to accomplishing its core functions of water supply and flood protection~~.

5.1 Continue other public outreach efforts and increase collaborative efforts with retailers.

5.2 Continue~~Include~~ water conservation emphasis in ~~all of~~ the Agency's public information efforts.

5.3 Improve the effectiveness of the Agency's website in communicating Zone's messages to the public.

5.4 Maintain and improve the Agency's media relations program.

5.5 Maintain an effective schools program, placing more responsibility on the retailers for educating their own customers.

5.6 Evaluate the use of other Internet-based and other technology to convey the Agency's messages

Appendices

Appendix A: Deliverables with Completion Dates and Responsible Leads

~~Appendix B: Strategic Planning and Background Information~~

~~Appendix C: Online Strategic Planning Questionnaire~~

~~Appendix D: Summary Analysis of Online Strategic Planning Questionnaire~~

~~Appendix E: Senior Staff Interviews Responses~~

~~Appendix F: Board and Executive Staff Workshop Agenda~~

~~Appendix G: Draft Strategic Planning Priorities Working Document~~

APPENDIX A: Strategic Planning Priorities Deliverables in Order of Priorities Addressed with Completion Dates and Responsible Leads
(Updated August ~~11, 2010~~22, 2012)

Deliverable	Priority addressed	Completion date/ cycle	Responsible leads
Obtain from the State Water Resources Control Board an extension of Zone 7's Arroyo Del Valle water rights permit.	1.1 Provide safe, adequate, reliable, low-cost drinking water to the retailers for their customers and Zone 7's constituency.	~~Depends on protests and State Board requirements~~Ongoing	Carol Mahoney
~~Maintain and update an Emergency Preparedness Plan that addresses or mitigates, unanticipated events which could impact Zone 7's mission critical functions.~~	~~1.1 Provide safe, adequate, reliable, low-cost drinking water to the retailers for their customers and Zone 7's constituency.~~	~~Update completed in 2012. Ongoing~~	~~Carol Mahoney~~
Capital Improvement Program	1.3 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	Adopted October 2011, next update 2013~~Ongoing~~	Tom Hughes, Jarnail Chahal
Asset Management Plan	1.3 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	Completed March 2011 ~~COMPLETE~~ Next 5 year review in 2016	Kurt Arends, Jarnail Chahal and Mona Olmsted
Facilities Operations Strategy and Planning	1.3 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure.	Monthly	Kurt Arends, Jarnail Chahal and Sal Segura
Install and implement the Computerized Maintenance Management System for operations and maintenance.	1.3 Operate and maintain, and upgrade and/or replace when appropriate, existing treatment plants, transmission facilities and other infrastructure. 4.4 Review procurement, contracting and other practices to see where more cost savings can be obtained.	~~Installation August 2010 COMPLETE~~ Implementation ongoing	Gerald DeWitt, Barry Ivy
Adopt and Implement New Well Ordinance and Permit Fee Program	1.4 Protect and properly manage groundwater supplies; and 4.4 Review procurement, contracting and other practices to see where more cost savings can be obtained.	~~September 2012~~December 2012	Matt Katen, Wyman Hong, and Jeff Jones
~~2010 Water System Master Plan~~	~~1.6 Work with retailers to develop more local water supplies, including the use of more recycled water.~~	~~April 2011 COMPLETED WSE IN 7/2011~~	~~Kurt Arends, Jarnail Chahal and Carol Mahoney~~

Deliverable	Priority addressed	Completion date	Responsible leads
Facilitate use of Recycled Water by updating the Salt Management Plan	1.6 Work with retailers to develop more local water supplies, including the use of more recycled water.	REVISED Feb. 2014	Jarnail Chahal, Matt Katen, Tom Rooze
Bay Delta Conservation Plan (Zone 7 a participating entity)	1.7 Participate in Delta discussions to protect the Agency's contractual water supply from the State Water Project.	Ongoing	Kurt Arends
Stream Maintenance Program	2.1 Continue the stream maintenance program to maintain the effectiveness of flood protection facilities.	Ongoing	Jarnail Chahal and Joe Seto
Revisit SMMP – New Five-Year Flood Control CIP (SMMP Update)	2.2 Revisit the SMMP and StreamWISE in light of current and long-term fiscal constraints.	December 2014 5 year Flood CIP adopted Oct. 2011	Carol Mahoney, Joe Seto
~~El Charro Development Plan~~	~~2.3 Collaborate with cities and landowners on flood protection improvements (e.g., Livermore on the El Charro Development Project) (short and long term).~~	~~Dependent on Livermore's schedule~~	~~Kurt Arends and Carol Mahoney~~
Chain of Lakes Master Plan (in Water CIP)	2.4 Continue implementation and development of planning for the Chain of Lakes.	June 2017, after Interim Plan	Jarnail Chahal, Carol Mahoney
Mini COLMP Plan to identify properties (Recommend change strategy to "Interim COL Operations Plan" – covers near-term lakes H,I &Cope and works with East Pleasanton Specific Plan elements and SMMP update)	2.4 Continue implementation and development of planning for the Chain of Lakes. 2.4 Participate in Development of East Pleasanton Specific Plan	June 2013	Jarnail Chahal, Carol Mahoney
Evaluate staff organization (four stages)	3.1 Evaluate staff organization in light of changing work functions and demands.	Incorporate into separation discussions	Tom Hughes
Staffing Study (with staffing evaluation) – first report	3.1 Evaluate staff organization in light of changing work functions and demands.	Ongoing	Tom Hughes
~~Cost-benefit analysis of bringing in house certain functions – with Staffing Study~~	~~3.2 Continue to evaluate and, if beneficial, separate some functions from the County.~~	~~Incorporate into separation discussions~~	~~Tom Hughes~~

Deliverable	Priority addressed	Completion date	Responsible leads
~~Succession Plan (with staffing evaluation) – as part of Staffing Study~~	~~3.3 Develop a succession plan to ensure continued effective management and operations of the Agency upon retirements or other departure of key staff, while being mindful of reorganization opportunities that might be created by attrition~~	~~GM draft completed. Incorporate into workforce development and culture change efforts~~	~~Human Resources and AGMs~~
Improve internal communications	3.4 Improve internal communications	~~Expect continued improvement~~Ongoing	Jill Duerig and AGMs
Agency Financial Plan	4.1 Complete an Agency Financial Plan.	Pending~~Dependent of timing of~~ separation	Tom Hughes
Continue to seek state and federal grant funding	4.3 Continue to participate in regional and other efforts to obtain state and federal grant funds to offset the cost of new facilities and programs.	~~State and federal grant agencies' timetable~~Ongoing	Kurt Arends, Carol Mahoney and other project managers
Review procurement, contracting and other practices for cost savings	4.4 Review procurement, contracting and other practices to see where more cost savings can be obtained.	Ongoing~~/to be revamped if separation occurs~~	Tom Hughes
Improve website	5.3 Improve the effectiveness of the Agency's website in communicating Zone's messages to the public.	Ongoing	Tom Hughes
Maintain media relations programs	5.4 Maintain and improve the Agency's media relations program.	Ongoing	Tom Hughes
~~Draft Guidelines for Energy-Related Activities (Includes: Capital Planning, Design and Construction, Operations and Maintenance and Purchasing.)~~	~~None, but consistent with *Mission Statement*~~	~~January 2011 COMPLETE~~	~~Dennis Gambs~~

SUMMARY MINUTES

JOINT MEETING
ZONE 7/DSRSD LIAISON COMMITTEE
WITH CITY LIAISON COMMITTEES

September 11, 2012
4:00 p.m.

Zone 7
Sarah Palmer, President, Board
John Greci, Board Member
Dick Quigley, Board Member
G. F. Duerig, General Manager
Kurt Arends, Assistant Gen. Mgr., Eng.
Tamara Baptista, Financial Manager
Carol Mahoney, Integrated Planning Manager
Judy Rector, Board Secretary

Dublin San Ramon Services
Pat Howard, Director
Georgean Vonheeder-Leopold, Director
Bert Michalczyk, General Manager
Lori Rose, Financial Services Manager
Dan Gallagher, Operations Manager

City of Pleasanton
Jennifer Hosterman, Mayor
Nelson Fialho, City Manager
Dan Martin, Manager of Utilities

City of Livermore
John Marchand, Mayor
Doug Horner, Vice Mayor
Dan McIntyre, Director of Public Works
Darren Greenwood, Water Resources Mgr.

Item 1. Zone 7 Board President, Ms. Sarah Palmer, called the meeting to order at 4 p.m. Participants introduced themselves by name and agency.

Item 2. Public Comment – None.

Item 3. Delta Update and Issues

Kurt Arends, Zone 7's Assistant General Manager, Engineering, gave a brief update of issues affecting the Delta and the Bay Delta Conservation Plan (BDCP) in addition to distributing materials from the State Water Contractors and Alameda County Water District/Santa Clara Valley Water District/Zone 7. Mayor Janet Hosterman of Pleasanton asked what are the next steps? Mr. Arends said making a decision on what to do is difficult because of the various specific interest groups regarding the Delta. Ms. Duerig discussed the public draft of the BDCP and associated EIR/EIS which should be available September/October. Hopefully construction will begin in 2017 and operating by 2025.

Bert Michalczyk, General Manager of DSRSD, discussed endorsements and education. Ms. Duerig said the outreach efforts are ongoing such as the documents Mr. Arends distributed and public meetings are being held in areas of concentrated opposition. Although Zone 7 will be asked for money, not sure Zone 7 will be asked for endorsements.

Item 4. Water Reliability Policy

Carol Mahoney, Zone 7 Integrated Planning Manager, discussed the handout she provided which showed a schedule of meetings and workshops, a background of the Water Supply Evaluation (WSE) portfolio options (current plan, in-valley and intertie), reliability to achieve sustainability, and level of service Goals 1 and 2. The current plan allows for minimum 85% reliability, intertie allows for minimum 85-90% and in-valley allows for a minimum 75% reliability. Only the "in-valley" portfolio would accommodate a reliability less than 85%.

Following Ms. Mahoney's presentation, there was a discussion about the definition of sustainability and why 100% reliability is not reasonable.

Item 5. Water Rates

Tamara Baptista, Zone 7 Financial and Systems Services Manager, reported that staff will recommend to the Board no increase in water rates for 2013 but if the Board adopts a rate for 2014, the rate may be 2.65%. A half-page advertisement was printed in local newspapers regarding public meetings (regularly-scheduled Zone 7 Board meetings for September 19 and October 17) with options for no rate increase in 2013 and whether to adopt a rate now for 2014.

Reserve policies will be discussed in October. Director Quigley noted that a piece of the rate stabilization reserve was used last time to reduce the water rate increase. President Palmer said that if the Board agrees, that reserve may be used again this time, too. Mayor Hosterman asked if the City of Pleasanton can weigh in formally by letter or in a meeting? She also expressed concern about the aggregate cost of all services increasing (i.e., garbage, sewer and water rates) so she asked that the Zone 7 Board try to be creative because more people are not able to meet their financial obligations.

Director Quigley shared that the DWR website has a video by Hugh Howser on the value of water and, at less than a penny per gallon, it is the best deal in California.

Item 6. Recycled Water Update

The three public agency retailers each gave an update on recycled water:

<u>Dan Gallagher, DSRSD</u> – The DERWA project delivered 2,742 af of recycled water which represents 18% of the amount the potable water that the District sells . This recycled water is delivered both to EBMUD for service in San Ramon and to DSRSD for service in Dublin and the Dougherty Valley. The peak day delivery this summer was 6.2 million gallons per day. The District is extending the delivery system to be able to deliver recycled water to central Dublin customers and has also received planning grants to study extensions of the system west of I-680, to Camp Parks and to Santa Rita Jail .

<u>Darren Greenwood, City of Livermore</u> – City Council agreed to let Livermore sell some of its recycled water to Pleasanton and reserve the rest for future use as a hedge against a water shortage; also directed staff to initiate discussions with Zone 7 about cost sharing.

<u>Dan Martin, City of Pleasanton</u> – There is a feasibility study with Zone 7 to look at recycled water deliveries. Grant funding was received to study initial phase of 4 mgd in areas such as Hacienda Business Park and the Pleasanton Sports Park. He encouraged opening up regional storage.

Mayor John Marchand, City of Livermore – Increased use of recycled water impacts the groundwater basin and high TDS. He cautioned that the more recycled water used, the more desalination is needed at a cost because it is not free.

Pat Howard, DSRSD – Mr. Howard asked Livermore to be mindful of where recycled water is applied because DSRSD applies recycled water only over fringe groundwater basins. More care needs to be exercised over the Main Basin.

Item 7. Announcements

Director Greci discussed how important it is that Zone 7 is able to divert water into the Chain of Lakes and quarries for recharge and less water is needed from the Delta. The most exciting issue for Zone 7 is the valley basin for storage and recharge capabilities. The geography we have is the best for reliability.

President Palmer feels that there should be more communication between elected officials in the valley and we have the potential to be the gem of watershed. She suggested this joint Liaison Committee meet more often to be able to brainstorm. Mayor Janet Hosterman, City of Pleasanton, suggested quarterly meetings. Mayor John Marchand, City of Livermore, suggested using a Doodle Poll to find available meeting dates. The Doodle poll will be sent out by Judy Rector in the near future to identify the best dates for the meetings.

Item 8. Adjournment

The meeting was adjourned at 5:07 p.m.

SUMMARY NOTES OF THE FINANCE COMMITTEE
ZONE 7 BOARDS OF DIRECTORS

October 9, 2012
4:00 p.m.

Directors present:	Angela Ramirez Holmes	Zone 7 Staff:	Jill Duerig, General Manager Tamara Baptista, Financial & Systems Services Manager JaVia Green, Staff Analyst Judy Rector, Board Secretary
Directors absent:	Sandy Figuers A. J. Machaevich		

Director Ramirez Holmes called the meeting to order at 4:15 p.m. Staff made a public presentation to Director Ramirez Holmes.

1. Public Comment – None

2. Reserve Fund Policy

JaVia Green, Finance Staff Analyst, summarized summarized the recommended changes to the reserve policy.

Ms. Green pointed out that over the next five years, Zone 7 plans to spend down the newly-designated Rate Stabilization Reserve by $5 million to smooth water rates.

Director Ramirez Holmes asked for public comments or questions.

Director Ramirez Holmes asked if we will have difficulty with the Rate Stabilization Reserve and unrestricted reserves because once you name an unrestricted reserve account, then it is designated. Ms. Duerig explained that a Board-designated reserve is different from restricted that have to be kept separate by state law or other outside entity. If the funds are designated, the Board can re-designate or authorize transfers. Designating gives clear direction to staff on how the Board is expecting staff to use the money.

John Archer, Financial Services Supervisor at Dublin San Ramon Services District, commented on how some of DSRSD's reserves have maximum targets that need to be reported back to the Board.

Director Ramirez Holmes expressed concerns about the levels of reserves.

Ms. Duerig said staff can look at suggestions and come back with an improved policy that either has a cap or better explains target levels so the policy is less ambiguous.

Mr. Archer commented that at DSRSD their replacement fund addresses what needs exist, what needs to be replaced, and what is needed year-to-year so they utilize reserves to offset rates in future years.

3. Staff Reports –

a) Information Replying to Inquiry About Untreated Water

b) Background Information on Water Rates

Director Ramirez Holmes did not have any questions on the staff reports. There were no questions from the public.

Director Ramirez Holmes concluded the meeting by asking for comparable water rates of other Bay Area agencies. Ms. Duerig assured her that the information is typically included in the final presentation to the Board in October.

Since there were no further issues or comments, the meeting was closed at 4:45 p.m.

ITEM NO. 14b

10/17/12 Board Written/Narrative comments by Dick Quigley

9/18/12 Attended and spoke as keynote speaker to Tri-Valley Conservancy Board, staff, and friends at Robert Livermore Community Center. The title of my power point presentation was "Tri-Valley Water Yesterday Today & Tomorrow." Let me know if you would like a copy.

8/16/12 Participated in an ACWA Region 5/Region 8 joint planning committee meeting for Santa Barbara event September 9 & 10 for an in-depth program on ESA and Prop. 218 issues. Heard from industry experts and local agencies who will share their stories and lessons learned about these processes. This program will be preceded by a networking reception and program about regional challenges on ESA issues on Sunday evening September 9, 2012, at Arnoldi's Café in Santa Barbara.

8/20/12 Green Scene participant at EBRPD booth next to Zone 7 booth. It was a well- attended outreach event. Many residents are very interested in water, parks, conservation, and the environment.

9/27-28/12 Attended ACWA board workshop and board meeting in Sacramento. "Bay Delta Conservation Plan - Progress to Date and Next Steps" presentation by panel moderated by Tim Quinn and made up of Gerry Meral (Deputy Secretary, CNRA), Mark Cowin, (Director, DWR), David Guy (President, Nor Cal Water Assoc.), and Leo Winternitz (Delta Project Director, The Nature Conservancy). The panel offered hope for a Delta fix.

ACWA California Water Finance Task Force / 2014 Water Bond Update
ACWA Reorganization / Revitalization Plan & ACWA 2013 Budget Preview: Check ACWA website and news for more information.

I also hope to attend the following. Registering early saves air fare and room cost big time!

ACWA DC 2013 - Annual Washington D.C. Conference
Tuesday, February 26, 2013 - Thursday, February 28, 2013
Washington Court Hotel Washington, D.C.

Let me know if you have any questions or suggestions.

Thanks,
DQ

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ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: October 17, 2012 ITEM NO. 16a

SUBJECT: GENERAL MANAGER'S REPORT

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

Operations and Maintenance:

- The Del Valle Water Treatment Plant (DVWTP) continued to face challenging treatment conditions throughout the month, requiring an average of 12 - 14 filter washes per day and limiting production to about 2/3 of capacity.
- The Ultra-Filtration (UF) Plant continued to operate at about 60% capacity with two of the five racks offline.
- Patterson Pass Conventional and the Mocho Groundwater Demineralization Plant made up most of the rest of the September production.
- Powdered Activated Carbon (PAC) feed was continued during the month at both conventional plants as the interim treatment technique to minimize algal-related tastes and odors until an ozone project can be implemented.

Engineering and Flood Control:

- Staff provided support to the Alameda County Resource Conservation District for use of the remaining Arroyo de la Laguna earmark fund ($20,000) to perform some bank stabilization at Foothill Road near Pleasanton Ridge park, where significant bank failure is beginning to threaten the road's shoulder. Participation from County Public Works and the San Francisco Public Utility Commission (SFPUC) is being sought since the former is charged with road maintenance and the latter owns the property. The regulatory agencies have indicated that no permits are required as long as work is completed by October 15th. However, this tight timeline might limit the work that can be completed.
- The Cope Lake repair is moving forward. The contractor is working on exclusion fencing (to keep out endangered species) and dewatering the southeastern cell where most of the slope repair work is to take place.

- In September, DWR continued working on the South Bay Pumping Plant. Two of the four new Stage 3 pumps are currently in operation. Three pumps (including a spare) are in the manufacturer's shop for repairs and should be back by mid-October, with all four pumps projected to be operational by the end of the year.

- DWR stopped filling Lake Del Valle on September 15th. The storage in the lake reached a high of 38,650 acre feet and an elevation of 701.20 feet but is now dropping both due to DWR's pre-wet weather releases (which began September 25th) and due to evaporation.

- As the construction season for work in the flood control channels draws near a close, flood control's summer maintenance program is finishing with slide repairs along the Arroyo Mocho (Line G, using a slide repair erosion fabric) and Line F-4 (where the road had to be re-graded following the slide repair), additional roadway re-grading in Chabot Canal (Line G-1) and repair of curb/sidewalk separations along the Arroyo de la Laguna (Line B). County laborers continue aquatic spraying along the Arroyo las Positas and the Arroyo Seco.

<u>Environmental & External Affairs</u>:

- The Federal Stage 2 Disinfectants and Disinfection Byproducts Rule (D/DBPR) requires quarterly monitoring of disinfection by-products (DBPs), including trihalomethanes (THMs), halo-acetic acids (HAAs), chlorite and bromate. Locally, this will be initiated next quarter. The retailers will be collecting their distribution samples on different months than Zone 7 so monthly monitoring of treatment plant finished water will be commenced to provide all the baseline data.

- The Zone 7 website "links" page was updated to add other useful links such as those discussed during the Board Retreat (including links to the County and LAFCO websites) and others which may be of interest to the public visiting the Zone 7 website.

- Zone 7's "About Us" information has been updated to include the new Vision and Value statements – see http://www.zone7water.com/about-us-topmenu-149/mission-topmenu-172.

- The California Urban Water Agencies printed its annual report which is posted on the CUWA website, http://www.cuwa.org/pubs/CUWA2012_AnnualReport.pdf.

<u>Finance & Administration</u>

- Staff made presentations to the Floodplain Management Association (FMA) as well as to the California Utility Executives Management Association (CUEMA). Both were well-received. After the FMA presentation, the California Department of Water Resources (DWR), recognizing Zone 7's exceptionally well-integrated flood management program, stated that Zone 7 "had a number of excellent messages that are consistent with our overall IWM [Integrated Water Management] vision… [and that is] in line with the Department's goal for project prioritization" and has requested follow-up information be provided to DWR staff. After the CUEMA discussion of improving organizational culture, staff was asked to participate in an ACWA panel at the Fall Conference on the same topic.

Monthly List of GM Contracts

September 2012

Contracts:

Eurofins Eaton Analytical	18,000	Analytical Test Services for Water Samples
IEDA	30,000	Labor Relations Services & License to the Salary Comp/Benefit Survey System
ERS Industrial Services	7,100	Filter Surveillance for 8 Filters at Del Valle And 3 Filters at Patterson Pass WTPs
WorkSmart Automation, Inc.	36,540	SCADA Database Services and Reporting Enhancements
Total September 2012	$91,640	

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: October 17, 2012 ITEM NO. 16b

SUBJECT: Recent Outreach Activities

California Coastal Cleanup Day, September 15

Zone 7 was among several local partners that participated in a "Tri-Valley Creeks to Bay Day" at six Livermore sites. This inaugural event not only helped to commemorate Coastal Cleanup Day, a yearly activity that Zone 7 has long helped commemorate in the Valley, but also served as a kickoff event for a year-round effort coordinated by the Adopt-a-Creek-Spot Program with grant funding from National Security Technologies, LLC, and the Alameda Countywide Clean Water Program. A press release that Zone 7 helped prepare following the September 15 event also addressed the successful Coastal Cleanup Day efforts in the City of Dublin.

Livermore Children's Fair, September 15 & 16

Zone 7 had a booth at this fun and informative two-day event, which was held at the Robert Livermore Community Center and was sponsored by the Livermore Area Recreation and Park District. We offered games and creative activities that taught children and their families more about water conservation and stormwater-pollution prevention.

Pleasanton Green Scene, September 20

Zone 7 was among approximately 100 exhibitors at this event, designed to promote green and healthy living to Hacienda Business Park's employees and residents, and to the public at-large. As was the case at last year's Green Scene event, we distributed information on such things as water conservation, water quality and stormwater-pollution prevention, and had meaningful, one-on-one discussions with many attendees.

September website activity

During the month of September, Zone 7's website had 2,263 visits.

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ORIGINATING SECTION: Administration
CONTACT: Tom Pico/Tim Hunt

AGENDA DATE: October 17, 2012 ITEM NO. 16c

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.
- Governor Brown completed action on legislation sent to his desk by the deadline of September 30, 2012.
- Two Delta-related bills were signed into law, both by Senator Lois Wolk:
  - SB 200 extends the current program of state payments for levee maintenance and repair to 2018. It was set to sunset in 2013.
  - SB 1495 exempts routine dredging operations by the ports of West Sacramento and Stockton from being "covered actions" under the Delta Plan and the Delta Stewardship Council. Water contractors dropped their opposition after the bill was amended before it passed the Legislature.
- AB 2443 (Williams), to impose a fee on recreational watercraft in fresh water to support a dreissenid mussel monitoring, inspection and eradication program, was signed by the governor.
- AB 1532 (Perez) was signed by the governor and gives special districts access to funds raised through the greenhouse gas cap-and-trade auctions (authorized by AB 32 in 2006).

RECOMMENDED ACTION: Information only

ATTACHMENT: Executive Summary

EXECUTIVE SUMMARY

State Legislation

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

October 2, 2012

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments
Water Conservation, Supply & Delivery				
AB 1750 (Solorio)	Rainwater Capture Act of 2012	This bill would allow residential, commercial and governmental landowners to install, maintain and operate rain barrel systems and rainwater capture systems.	Watch	Signed by the governor, chaptered by the Secretary of State, Chapter Number 537, Statutes of 2012
SB 1340 (La Malfa)	Appropriation of water: Oroville Sewage Comm.	This bill would have authorized the Oroville Sewage Commission to file an application to appropriate water based upon its discharges into the Feather River.	Watch	Vetoed by the governor
Natural Resources/Environment/Delta				
AB 2443 (Williams)	Vessels: registration fees: mussels	This bill would authorize a county to assess a fee on vessels registered there to establish and operate a dreissenid mussel monitoring, inspection and infestation prevention program.	Watch	Signed by the governor, chaptered by the Secretary of State, Chapter Number 485, Statutes of 2012

SB 1495 (Wolk)	Covered actions, Delta Reform Act 2009	This bill would exclude from the definition of "covered action" specified leases approved by special districts as well as dredging activities conducted by the federal government.	Watch	Signed by the governor, chaptered by the Secretary of State, Chapter Number 552, Statutes of 2012
SB 200 (Wolk)	Delta levee maintenance	This bill defines the board for purposes of levee maintenance as the Central Valley Flood Protection Board. It also extends subvention program to pay for Delta levee repairs until 2018.	Support	Signed by the governor, chaptered by the Secretary of State, Chapter Number 549, Statutes of 2012

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ORIGINATING SECTION: Administrative Services
CONTACT: Tom Hughes

AGENDA DATE: October 17, 2012 **ITEM NO.** 16d

SUBJECT: Status Report on Separation Efforts and Financial Software Replacement Project

SUMMARY:

Business Administration:

- The financial software vendor was on-site the week of September 17, 2012, to continue the configuration and testing of the software.
- The next site visit from the financial software vendor is scheduled for the week of October 22, 2012.

Employee Services:

- Staff continues to assess all separation-related activities and to reach out to Alameda County staff to address any remaining concerns and to keep moving the transition forward.
- Staff also continues to collaborate with Pleasanton, Livermore, Dublin, San Ramon, and Dublin San Ramon Services District to identify opportunities to share services.

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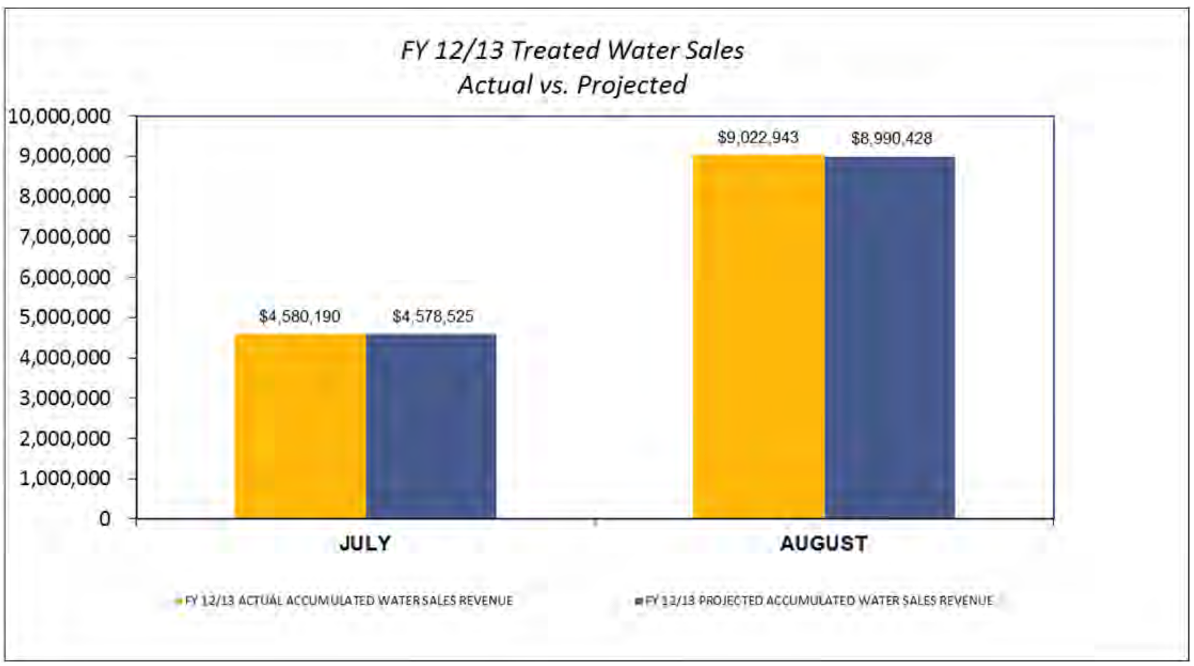
ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: JAVIA GREEN

AGENDA DATE: October 17, 2012 ITEM NO. 16e

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 August 2012, 9,617 acre-feet of water was sold, resulting in actual sales of $9,022,943. This is slightly more than the projection of $8,990,428 (or 9,514 acre-feet). Actual water sales compared to projected sales through August 2012 is shown in the graph below:

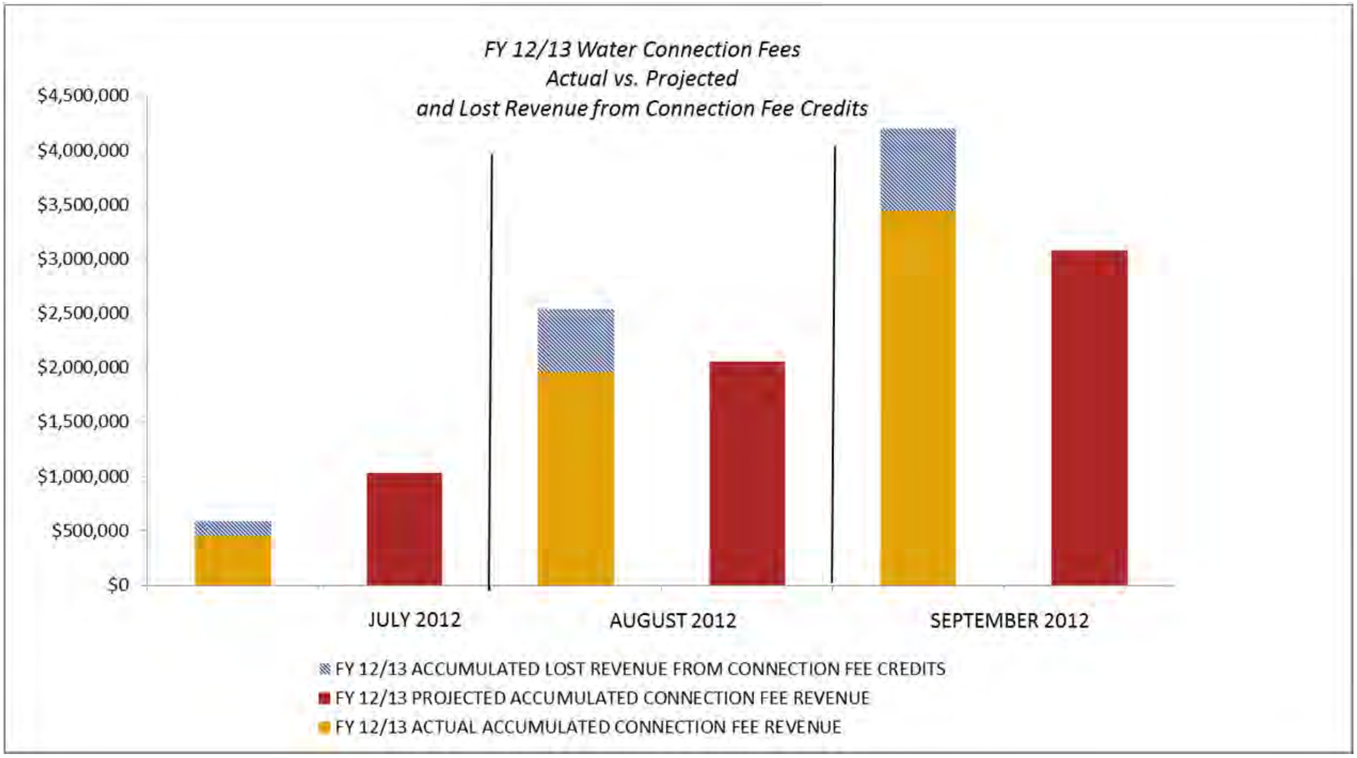


Connection Fees

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.

FY 12/13

For 12/13, year-to-date (July 1, 2012 - September 30, 2012) connection fee revenue totals $3.4M, about 12% higher than the projection of $3M. A total of thirty-three connection fee credits were used totaling $0.756M, while 874.5 credits remain outstanding ($20M 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

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: October 17, 2012 ITEM NO. 16f

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.

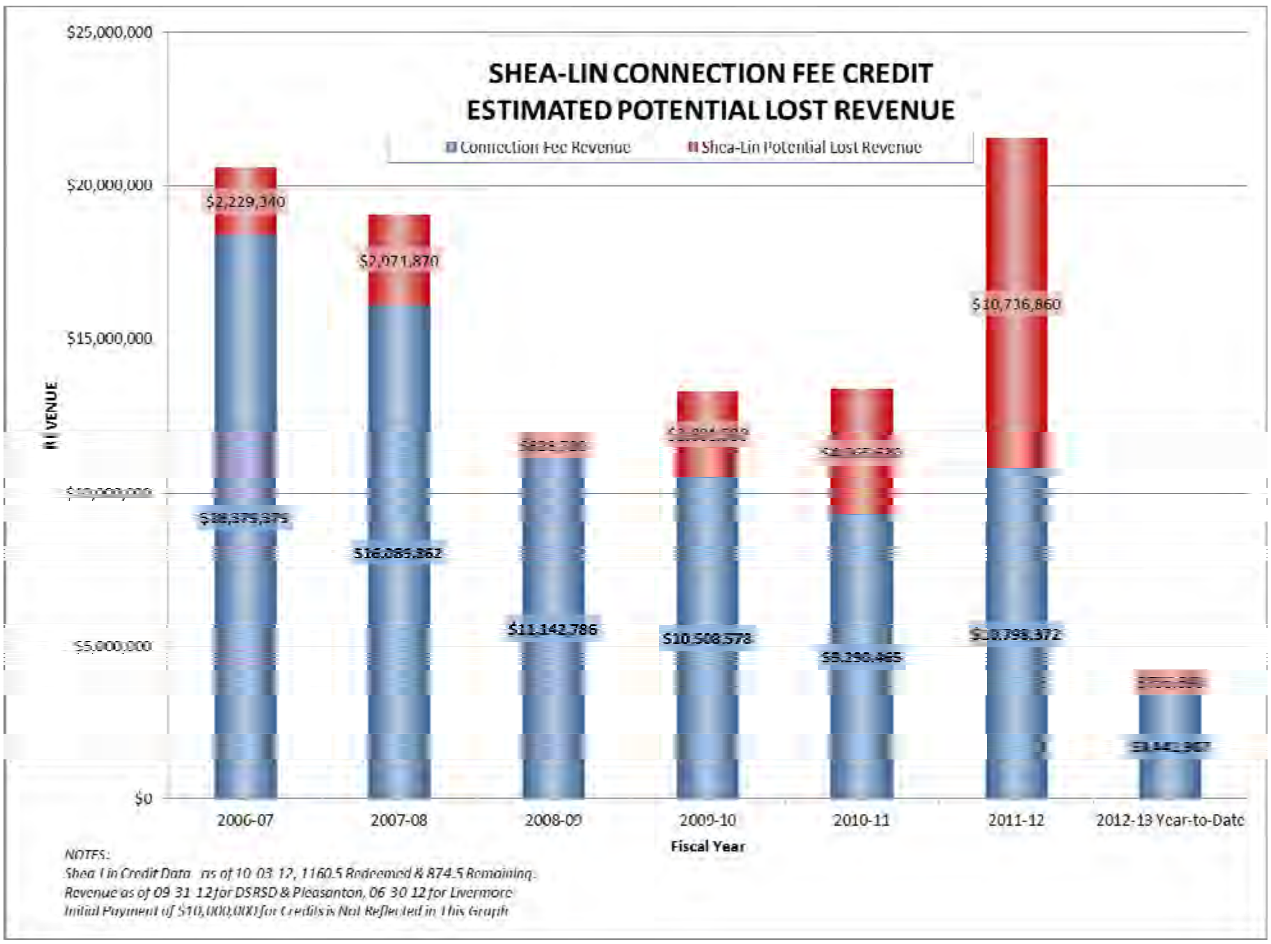
- Projected sources and uses of funds and year-end available funding through Fiscal Year 15/16 is as follows:

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	$15,561,738		$22,668,359	$35,680,805
13/14[4]	760	$25,801,307	($30,503,481)	$20,948,670	$10,029,961
14/15[4]	840	$24,267,694		$25,056,002	$9,241,654
15/16[4]	1930	$52,737,695		$30,967,000	$31,012,349

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. However, 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 in late 2012 or early 2013.

- <u>Connection Fee Credits</u>
  Per the chart below, 874.5 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 748 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 748 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.

ATTACHMENT:
Chart 1 – Fund 73 Projected Available Funding
Fund 73 Five-year Cash Flow Tables

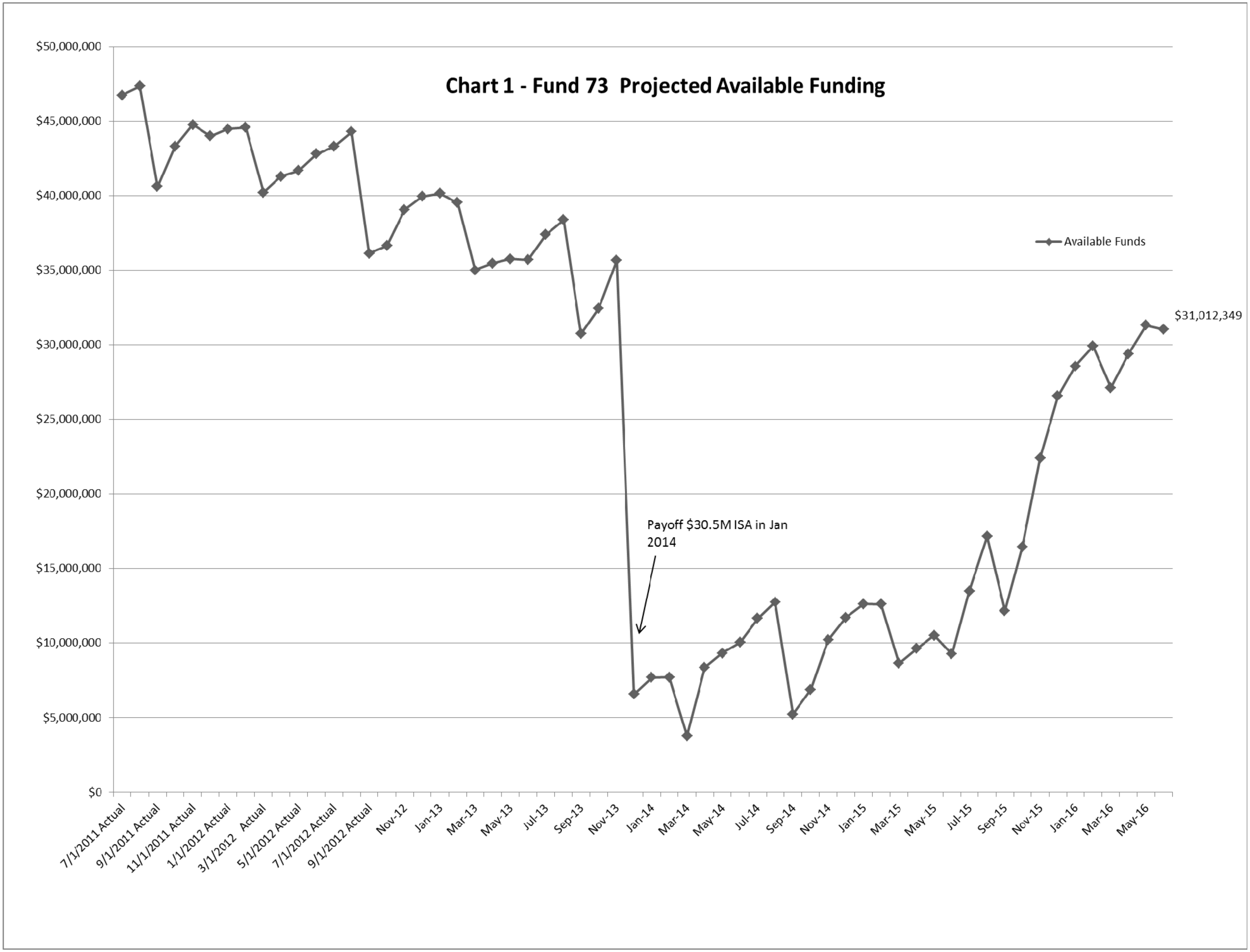


Chart 1 - Fund 73 Projected Available Funding
Available Funds
$31,012,349
Payoff $30.5M ISA in Jan 2014
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
7/1/2011 Actual
9/1/2011 Actual
11/1/2011 Actual
1/1/2012 Actual
3/1/2012 Actual
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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May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
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	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	**Sum of Key Data**
Beginning Fund Balance - Projected	*42,787,426*	*43,279,935*	*44,282,531*	*36,107,300*	*36,639,830*	*39,043,469*	*39,928,330*	*40,138,519*	*39,529,901*	*35,005,312*	*35,453,604*	*35,747,194*	
Source of Funds - Projected													**-**
Z7 Connection Fee Revenue		*1,509,597*	*1,316,641*	*1,201,899*	*1,201,899*	*1,201,899*	*904,813*	*904,813*	*904,813*	*904,813*	*904,813*	*904,813*	***11,860,812***
DV Connection Fee Revenue	*445,830*	*0*	*169,840*	*10,700*	*10,700*	*10,700*	*7,308*	*7,308*	*7,308*	*7,308*	*7,308*	*7,308*	***691,618***
DWR Refunds					*1,523,400*				*1,015,600*				***2,539,000***
Interest Revenue/Prepaid Connections/Other	*102,646*	*-*	*-*	*108,625*	*-*	*-*	*93,159*	*-*	*-*	*165,879*	*-*	*-*	***470,309***
ISA													**-**
Total Sources of Funds	*548,476*	*1,509,597*	*1,486,481*	*1,321,224*	*2,735,999*	*1,212,599*	*1,005,280*	*912,121*	*1,927,721*	*1,078,000*	*912,121*	*912,121*	***15,561,738***
Available Funds - Projected	*43,335,902*	*44,789,531*	*45,769,011*	*37,428,524*	*39,375,829*	*40,256,067*	*40,933,610*	*41,050,640*	*41,457,622*	*36,083,312*	*36,365,725*	*36,659,315*	
Projected Expenditures	*55,967*	*507,000*	*9,661,711*	*788,694*	*332,360*	*327,738*	*795,090*	*1,520,739*	*6,452,310*	*629,708*	*618,531*	*749,875*	***22,439,725***
Sinking Fund Contribution												*228,634*	***228,634***
Net Available Funds and ISA - Projected	*43,279,935*	*44,282,531*	*36,107,300*	*36,639,830*	*39,043,469*	*39,928,330*	*40,138,519*	*39,529,901*	*35,005,312*	*35,453,604*	*35,747,194*	*35,680,805*	
Designated Reserves												*9,223,382*	
Fund Balance and ISA												*44,904,187*	

FY 12/13 Key Data:	*ed Connection Fee Revenue:*	*$ 12,382,587*	*Projected Expenditures*	*$ 22,668,359*
	Actually Received	*$ 3,441,907*	*Actually Spent*	*$ 10,224,679*
	% of Actual to Projected	*28%*	*Actually Encumbered*	*$ 6,840,789*
			% of Actual to Projected	*75%*

	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	*35,680,805*	*37,380,645*	*38,360,164*	*30,720,411*	*32,433,489*	*35,642,212*	*6,560,531*	*7,679,537*	*7,705,559*	*3,775,751*	*8,355,730*	*9,307,846*	
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	*265,515*	-	-	*278,554*	-	-	*246,990*	-	-	*54,864*	-	-	***845,924***
ISA													**-**
Total Sources of Funds	*2,072,539*	*1,807,024*	*1,807,024*	*2,085,578*	*3,593,224*	*1,807,024*	*1,506,530*	*1,259,540*	*2,450,340*	*4,893,404*	*1,259,540*	*1,259,540*	***25,801,307***
Available Funds - Projected	*37,753,344*	*39,187,669*	*40,167,187*	*32,805,988*	*36,026,713*	*37,449,236*	*8,067,061*	*8,939,078*	*10,155,900*	*8,669,155*	*9,615,270*	*10,567,386*	
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	*37,380,645*	*38,360,164*	*30,720,411*	*32,433,489*	*35,642,212*	*6,560,531*	*7,679,537*	*7,705,559*	*3,775,751*	*8,355,730*	*9,307,846*	*10,029,961*	
Designated Reserves												*9,457,382*	
Fund Balance and ISA												*19,487,343*	

	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	*10,029,961*	*11,640,979*	*12,743,593*	*5,227,914*	*6,872,070*	*10,194,591*	*11,702,711*	*12,620,200*	*12,590,958*	*8,641,111*	*9,623,148*	*10,512,901*	
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	*53,598*	-	-	*86,036*	-	-	*55,736*	-	-	*92,285*	-	-	***287,656***
ISA													**-**
Total Sources of Funds	*2,119,935*	*2,066,337*	*2,066,337*	*2,152,373*	*3,880,737*	*2,066,337*	*1,482,072*	*1,426,336*	*2,635,936*	*1,518,621*	*1,426,336*	*1,426,336*	***24,267,694***
Available Funds - Projected	*12,149,897*	*13,707,316*	*14,809,930*	*7,380,287*	*10,752,807*	*12,260,928*	*13,184,783*	*14,046,536*	*15,226,894*	*10,159,732*	*11,049,484*	*11,939,237*	
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	*11,640,979*	*12,743,593*	*5,227,914*	*6,872,070*	*10,194,591*	*11,702,711*	*12,620,200*	*12,590,958*	*8,641,111*	*9,623,148*	*10,512,901*	*9,241,654*	
Designated Reserves												*11,622,382*	
Fund Balance and ISA												*20,864,036*	

	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	*9,241,654*	*13,483,836*	*17,149,069*	*12,159,908*	*16,434,833*	*22,415,072*	*26,555,311*	*28,567,258*	*29,907,685*	*27,110,507*	*29,360,505*	*31,307,927*	
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	*71,943*	-	-	*99,686*	-	-	*127,525*	-	-	*212,576*	-	-	***511,729***
ISA													**-**
Total Sources of Funds	*4,923,432*	*4,851,489*	*4,851,489*	*4,951,175*	*6,666,489*	*4,851,489*	*3,476,197*	*3,348,672*	*4,558,672*	*3,561,248*	*3,348,672*	*3,348,672*	***52,737,695***
Available Funds - Projected	*14,165,086*	*18,335,325*	*22,000,558*	*17,111,083*	*23,101,322*	*27,266,561*	*30,031,508*	*31,915,930*	*34,466,357*	*30,671,755*	*32,709,177*	*34,656,599*	
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	*13,483,836*	*17,149,069*	*12,159,908*	*16,434,833*	*22,415,072*	*26,555,311*	*28,567,258*	*29,907,685*	*27,110,507*	*29,360,505*	*31,307,927*	*31,012,349*	
Designated Reserves												*13,865,382*	
Fund Balance and ISA												*44,877,731*	

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/Jarnail Chahal

AGENDA DATE: October 17, 2012 ITEM NO. 16g

SUBJECT: Names Used to Collectively Describe Livermore, Pleasanton, Dublin, San Ramon and Surrounding Areas

SUMMARY:

- "Livermore-Amador Valley" is an area description used to refer to the Livermore and Amador Valleys, which form a common drainage basin with no distinguishing geographic features separating them.

- By local name usage, Livermore Valley includes the city of Livermore while Amador Valley includes the cities of Pleasanton and Dublin, which may be less obvious. Livermore-Amador Valley is commonly used to refer to the cities of Livermore, Pleasanton, Dublin and the surrounding unincorporated areas.

- Tri-Valley is another area description and is a very popular place name. In addition to the Livermore and Amador Valleys, it includes the San Ramon Valley. Zone 7 does not serve the San Ramon Valley; consequently, if the "Tri-Valley" term is used by Zone 7 to describe its service area, an additional qualification may be useful for accuracy.

- Livermore Valley has been used as a place name to refer to the common Valley by state agencies in water studies and by the wine industry as a viticulture region recognized nationally and internationally.

- In referring to the overall location of Zone 7, "Eastern Alameda County" would be an accurate description, particularly with regard to flood protection services. However, Eastern Alameda County does not include the Dougherty Valley, which is in Contra Costa County and therefore would not include all of Zone 7's water service area.

- Livermore-Amador Valley is a concise geo-name which is fairly accurate in describing Zone 7's water service area. It enjoys name recognition locally and is used by other organizations as part of their name or as a referenced place name. Zone 7 has used Livermore-Amador Valley as a place name reference to its service area, including its logo as well as reports, studies and numerous other documents.

RECOMMENDED ACTION: Information only

ATTACHMENTS: Interoffice Memo w/figures

INTEROFFICE MEMO

Date: October 17, 2012
To: Jill Duerig, General Manager
From: Dennis Gambs, Principal Engineer
Subject: Names Used to Collectively Describe Livermore, Pleasanton, Dublin, San Ramon and surrounding areas

INTRODUCTION

Zone 7 supplies drinking water to retailers serving more than 220,000 people in Livermore, Pleasanton and Dublin in Alameda County; and the Dougherty Valley area of San Ramon in Contra Costa County. Zone 7 also supplies untreated water for agriculture, primarily vineyards located in south Livermore Valley, and provides flood protection to eastern Alameda County. With these services in mind, it is a challenge for Zone 7 to articulate its geographical sphere of service in succinct and accurate terms that meet political and physical definitions while being recognized by local and non-local parties alike.

This document provides a description of local and non-local and other related name usages as well as a discussion of the Valley's geo-features. The document also discusses federal name designations and historic name usage by Zone 7.

LOCAL NAME USAGE

"Livermore-Amador Valley" is an area description, or place name, used to refer to the Livermore and Amador Valleys (Figure 1).

Livermore Valley -- By local name usage, Livermore Valley includes the City of Livermore, while Amador Valley (to the west) includes the cities of Pleasanton and Dublin.

The Livermore Valley and the City of Livermore are named after Robert Livermore, who settled in the area on *Rancho Las Positas* in about 1835. His name and the Valley location became well known during the California Gold Rush era when an inn, located in his old adobe ranch house, hosted travelers on the roads to the *Mother Lode* to the east, through passes in the Diablo Range. The original name for *Altamont Pass* was *Livermore Pass*.

Some examples of organizations and businesses that include "Livermore Valley" within their name are shown in Appendix A. Yellowpages.com identifies approximately 20 organizations with "Livermore Valley" as part of their name, all of which are located in Livermore. The City of Livermore's website refers to the city's location as being within the Livermore Valley.

Amador Valley – This is the western portion of the Basin and home to the cities of Dublin and Pleasanton. It is south of San Ramon Valley. Amador Valley was named after José María Amador, a Mexican soldier and Mission San Jose administrator who settled *Rancho San Ramon* in 1834. Amador was also the original area name for the present day location of the City of Dublin, which was later named by the Irish settlers who bought land from Amador and founded the town.

Some notable examples of organizations, businesses and name places that include "Amador Valley" within their name are shown in Appendix A. Yellowpages.com identifies approximately 12 Pleasanton businesses and six Dublin businesses with "Amador Valley" as part of their name. The websites for both Pleasanton and Dublin each reference their city as being in the Amador Valley.

Livermore-Amador Valley – This term is used as a place name within many government and non-profit organization names, and is a referenced name place in documents by Alameda County and Zone 7.

- Livermore-Amador Valley **Water Management Agency*** (government)
- Livermore Amador Valley **Transit Authority-***Wheels* (government)
- **League of Women Voters** of Livermore-Amador Valley (non-profit)
- Amador-Livermore Valley **Historical Society** (non-profit)
- **Specific Plan for** Livermore-Amador Valley **Quarry Area Reclamation**, 1981 (Alameda County)
- Livermore-Amador Valley **Planning Unit, Alameda County General Plan,** 1977 (Alameda County)

*****Area also includes south San Ramon

Zone 7 uses Livermore-Amador Valley as a name place, particularly in reference to its service area and groundwater basin, in its logo and in numerous reports, planning studies, environmental studies and other reference documents. Zone 7's website may be accessed at www.zone7water.com to view a number of these reference documents.

OTHER RELATED NAMES AND USAGE

San Ramon Valley – This is located in the Diablo Range on the east and west sides of the I-680 corridor. It is adjacent to the Amador Valley to the south near Dublin, and Diablo Valley to the north near Walnut Creek. It is the region in Contra Costa County that includes the cities of San Ramon, Danville and the unincorporated area of Alamo. It was named after *Rancho San Ramon,* a land grant that included portions of what is now present-day Danville, San Ramon and Dublin. Some examples of organizations, businesses and name places that include "San Ramon Valley" within their name are shown in Appendix A. Yellowpages.com identifies approximately 23 San Ramon businesses, four Danville businesses, and one Alamo business with "San Ramon Valley" as part of their name.

Tri-Valley – This takes its name from the three valleys in the region: Livermore Valley, Amador Valley and San Ramon Valley. Tri-Valley is widely used to describe the region that includes Livermore, Pleasanton, Dublin, San Ramon, Danville, and Alamo. Tri-Valley is a more recent geographic name than the Livermore, Amador or San Ramon Valleys. Some examples of organizations and businesses that include "Tri-Valley" in their name are shown in Appendix A. Yellowpages.com identifies approximately 67 Pleasanton businesses, 66 Livermore businesses, 58 San Ramon businesses, 22 Dublin businesses and five Danville businesses with "Tri-Valley" as part of their name. There are over 200 listings in the Yellow Pages for Tri-Valley, far more than there are for Livermore Valley, Livermore-Amador Valley, Amador Valley, and San Ramon Valley combined. The popularity of Tri-Valley may reflect an appeal to the broader marketing base.

The use of "Tri-Valley" as a name is not mutually exclusive with the use of other "valley" names (Livermore Valley, Amador Valley or Livermore-Amador Valley) by the Valley cities. The cities of Livermore, Pleasanton, Dublin and San Ramon also consider their cities to be part of the Tri-Valley and make reference to the Tri-Valley on their websites.

NON-LOCAL NAME USAGE

There have been several water supply studies of the region's drainage area and groundwater basin. At the turn of the 20th Century a number of studies were prepared to evaluate the Spring Valley Water Company and Main Groundwater Basin. Beginning in the mid 1950's, the State of California's Department of Water Resources prepared many reports evaluating the groundwater. All of these water studies refer to the Livermore Valley as the drainage basin and groundwater basin.

Reports Referring to the Valley and Groundwater Basin as Livermore Valley

Report Name	Prepared For	Date
Investigation of the Hydrography of Livermore Valley and the Adaptability of the Valley Lands to the Culture of Hops	Spring Valley Water Co.	1907
Report on the Water Supply of the Alameda Creek Watershed with particular Reference to the Livermore Valley Underground Supply	City of San Francisco	1912
The Hetch Hetchy Water Supply for San Francisco	City of San Francisco	1912
The Future Water Supply of San Francisco	Secretary of Interior/U S Army Advisory Board	1912
Bulletin No. 13 - Alameda County Investigation	California DWR	1963
Bulletin No. 118-2 - Evaluation of Ground Water Resources: Livermore and Sunol Valleys	California DWR	1974
Livermore Investigation	California DWR	1975
Bulletin 118 - Update	California DWR	2006

At the state level, other agencies also referring to the basin as Livermore Valley include the California State Water Resources Control Board and the Regional Water Quality Control Board.

In addition, Livermore Valley is the officially recognized grape growing region, or appellation, for the area. The Livermore Valley AVA (American Viticulture Area) includes Livermore, Amador and a portion of San Ramon Valleys. Livermore Valley's wines have been known internationally since 1889 for award-winning wines. The Lawrence Livermore National Laboratory is well known nationally and internationally as is Livermorium, the element discovered there. While these names do not include the Valley reference, it does speak to the recognition of the "Livermore" name place on a national and international level.

GEO-FEATURES

Geographic and geomorphic features for the combined Livermore-Amador Valley (Figure 2) include the drainage basin, watershed boundary, Valley floor, groundwater basin and Valley streams.

The U.S. Geological Survey (USGS) classifies both the Livermore Valley and Amador Valley as ***basins,*** which it defines as "a natural depression or relatively low area enclosed by higher land." These two valleys form a common drainage basin with no distinguishing geographic features that separate the two areas (Figure 2). In this document, the Basin and Valley terms are used interchangeably. The drainage basin occupies the northern and eastern portion of the Alameda Creek watershed in Alameda County, with a total area of 410 square miles above the Verona Bridge. The Basin is surrounded by hills of the Diablo Range. The Valley floor area, as defined by the mapped recent alluvium surface deposits, is approximately 65 square miles. The Valley floor slopes fairly uniformly from an elevation of about 700 feet on the east end near the Altamont Hills to about 320 at the west end in Pleasanton near the Arroyo de la Laguna. The Valley is approximately 14 miles long in an east-west direction, and varies from 3 to 6 miles in width.

Surface drainage features include Arroyo del Valle, Arroyo Mocho, and Arroyo las Positas as principal streams, with Alamo Creek, South San Ramon Creek, Tassajara Creek, Altamont Creek and Arroyo Seco as minor streams. All streams converge on the west side of the Basin to form Arroyo de la Laguna, which flows south and joins Alameda Creek in Sunol Valley. The drainage area, or watershed, tributary to the Valley totals about 338 square miles.

In its Bulletin 118, the State of California Department of Water Resources refers to the water-bearing areas beneath the Valley floor and the Livermore Uplands, just south of the Valley, as the "Livermore Valley Groundwater Basin" (Basin No. 2-10). The groundwater basin is divided into sub-basins based on the structural or stratigraphic disconformities between them. Collectively, the higher yielding sub-basins are referred to as the "Livermore-Amador Valley Main Groundwater Basin" (Main Basin) by Zone 7. The other sub-basins and water-bearing upland areas are referred to as "fringe basins." The Main Basin is the primary source of local groundwater supply and used by Zone 7 to percolate and store surface waters that are subsequently pumped by Zone 7 wells to serve its retail customers.

FEDERAL NAME DESIGNATION AND USAGE

The federal list of geographic names is maintained by the U.S. Board on Geographic Names for usage by federal agencies. The underlying principle for name standardization is present-day local usage. Changes in geographic names must be proposed to the U.S. Board; it does not initiate changes. While it is the policy of the Federal Government that only official geographic names are to be used on federal maps and publications, others are not bound by the federal name usage. The list can be accessed from the National Geographic Names Database at http://geonames.usgs.gov/domestic/index.html.

The geographic names are also shown on the Quadrangle Maps published by the USGS including the popular 7.5 minute quadrangle maps. The USGS Quad Maps denote Livermore Valley, Amador Valley and San Ramon Valley. They do not include a name designation for either the Livermore-Amador Valley or the Tri-Valley. The USGS staff does not try to determine precise boundary locations for geographic names such as valleys. The limits between adjoining valleys or even the location where the valley becomes part of a hillside, or mountain range, are not easily defined. USGS typically shows the name designation somewhere within the generally accepted region.

Past USGS Quad Maps have had variations in the location shown for the Amador Valley and the San Ramon Valley. Prior to 1961, USGS Quad Maps located Amador Valley within the Dublin area; the boundary between Amador Valley and San Ramon Valley was located in San Ramon. The 1961 USGS Quad Map showed San Ramon Valley extending into Dublin. Since 1961, the population of the Tri-Valley area has increased dramatically. In particular, the cities of Dublin and San Ramon, which were both incorporated in 1983, have grown substantially. Referring to Dublin as being in the San Ramon Valley (as shown in the Quad Map) could lead to some confusion.

A strict interpretation of the USGS definition of a ***valley,*** "a linear depression in the earth's surface that generally slopes from one end to the other," would lean towards placing the boundary between the Amador and San Ramon Valleys along the watershed boundary. In this case, the watershed boundary roughly follows Norris Canyon Road between the hills in San Ramon. South of this divide, surface waters flow to South San Ramon Creek, which is a tributary to Alamo Creek that feeds into Arroyo de la Laguna. North of this divide, waters flow to San Ramon Creek, which is a tributary to Walnut Creek.

ZONE 7 ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOUNDARY AND WATER SERVICE AREA

The location of Alameda County Flood Control and Water Conservation District, Zone 7, also known as the Zone 7 Water Agency or Zone 7, is essentially eastern Alameda County (Figure 2). It is bounded by Contra Costa County to the north, San Joaquin County to the east, and Santa Clara County to the south. The westerly boundary is basically formed by the Diablo Range ridge line, which separates the Valley from the bay plains. The total area of Zone 7 is approximately 425 square miles. Flood Control services are provided throughout this area.

Zone 7's water service area is defined by the service areas of its treated water retailers and untreated water customers (Figure 3). The treated water retailer customers are the cities of Livermore and Pleasanton, California Water Service Company (serving part of Livermore) and Dublin San Ramon Services District (serving Dublin and the Dougherty Valley portion of San Ramon, in Contra Costa County). Dougherty Valley is outside of Alameda County and Zone 7's boundary but within the watershed. Also of note is that a couple of smaller areas -- one served by the City of Pleasanton and the other served by DSRSD -- extend westerly and outside of the drainage basin. The untreated water customers are primarily vineyard and golf course owners located in the south Livermore area.

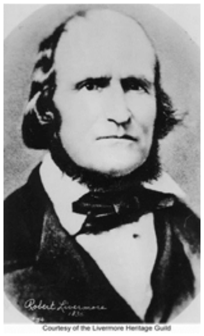
NAME USAGE BY ZONE 7

In referring to the general location of Zone 7, "Eastern Alameda County" would be an accurate description. However, "Eastern Alameda County" does not include the Dougherty Valley, which is in Contra Costa County. In referring to Zone 7's water service area, a reference to Dougherty Valley would need to be added. Reference to Eastern Alameda County for providing flood protection would need no qualification.

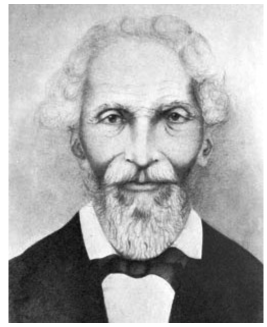
Zone 7's water service area is part of the Tri-Valley; however, Zone 7 does not serve all of the San Ramon Valley. If the "Tri-Valley" term is used by Zone 7 to describe its service area, an additional qualification may be useful to be accurate.

Livermore Valley enjoys name recognition at the state, national and international level as a name place for the region; however, locally it is more identifiable with just the Livermore area and its use would not convey inclusion of Pleasanton and Dublin constituents.

Livermore-Amador Valley is a concise geo-name that is fairly accurate in describing Zone 7's water service area. It enjoys name recognition locally and is used by other organizations as part of their name and as a place name referenced in their documents. Zone 7 also uses Livermore-Amador Valley as a place name reference to its service area in its logo and in reports, studies and numerous other documents. Continuing this name usage would be consistent with past practice and include the Livermore name, which is recognizable outside of the area. Perhaps recognizing the names of the earliest settlers of the valley, Robert Livermore and José María Amador, is a fitting tribute to these well respected individuals.



Robert Livermore


José María Amador

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U.S. Geological Survey Topographic Maps

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APPENDIX A

Examples of organizations and businesses which include **"Livermore Valley"** in their name include:

- Livermore Valley **Joint Unified School District**
- Livermore Valley **Chamber of Commerce**
- Livermore Valley **Winegrowers Association**
- Livermore Valley **Cellars**
- Livermore Valley **Florist**
- Livermore Valley **Opera**
- Livermore Valley **Performing Arts Center**
- Livermore Valley **Charter School**
- **Rotary Club of** Livermore Valley

Examples of organizations, businesses and name places which include **"Amador Valley"** in their name include:

- Amador Valley **High School** (Pleasanton)
- Amador Valley **Boulevard** (Dublin)
- Amador Valley **Plaza** (Dublin)
- Amador Valley **Community Park** (Pleasanton)
- Amador Valley **Apartments** (Dublin)
- Amador Valley **Properties** (Pleasanton)
- Amador Valley **Veterinary Hospital** (Pleasanton)
- Amador Valley **Medical Center** (Dublin)

Examples of organizations, businesses and name places which include **"Livermore-Amador Valley"** in their name include:

- Livermore-Amador Valley **Water Management Agency** (government)
- Livermore Amador Valley **Transit Authority-***Wheels* (government)
- **League of Women Voters** of Livermore-Amador Valley (non-profit)
- Amador-Livermore Valley **Historical Society** (non-profit)
- **Specific Plan for** Livermore-Amador Valley **Quarry Area Reclamation**, 1981 (Alameda County)
- Livermore-Amador Valley **Planning Unit, Alameda County General Plan,** 1977 (Alameda Co.)

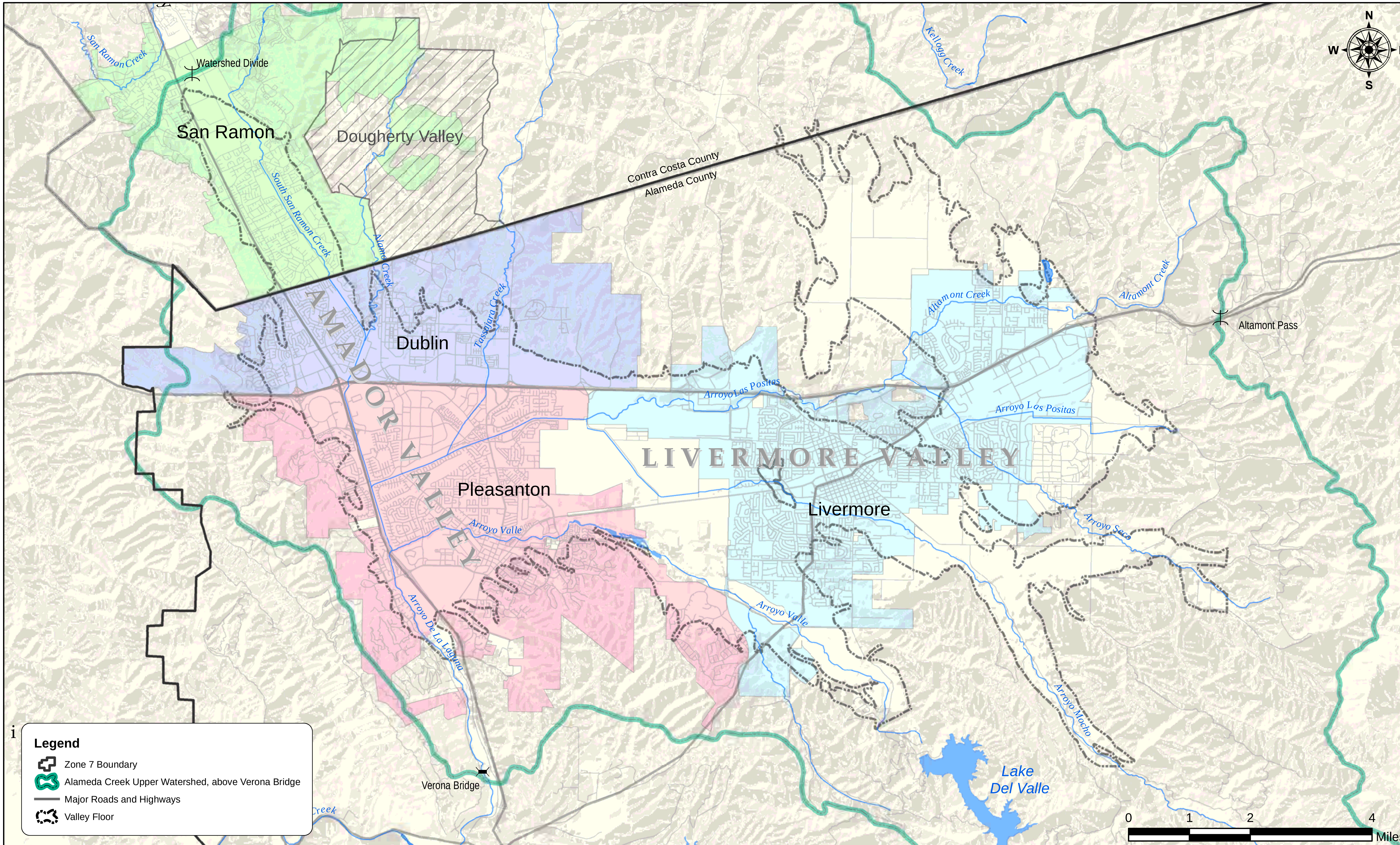
Examples of organizations, businesses and name places which include **"San Ramon Valley"** in their name include:

- San Ramon Valley **Road**
- San Ramon Valley **High School/ Unified School District**
- San Ramon Valley **Fire Protection District**
- San Ramon Valley **Regional Medical Center**
- San Ramon Valley **Times**
- San Ramon Valley **Realty**
- San Ramon Valley **Christian Academy**
- San Ramon Valley **Conference Center**
- **Museum of** San Ramon Valley

Examples of organizations, businesses which include **“Tri-Valley Valley”** in their name include:

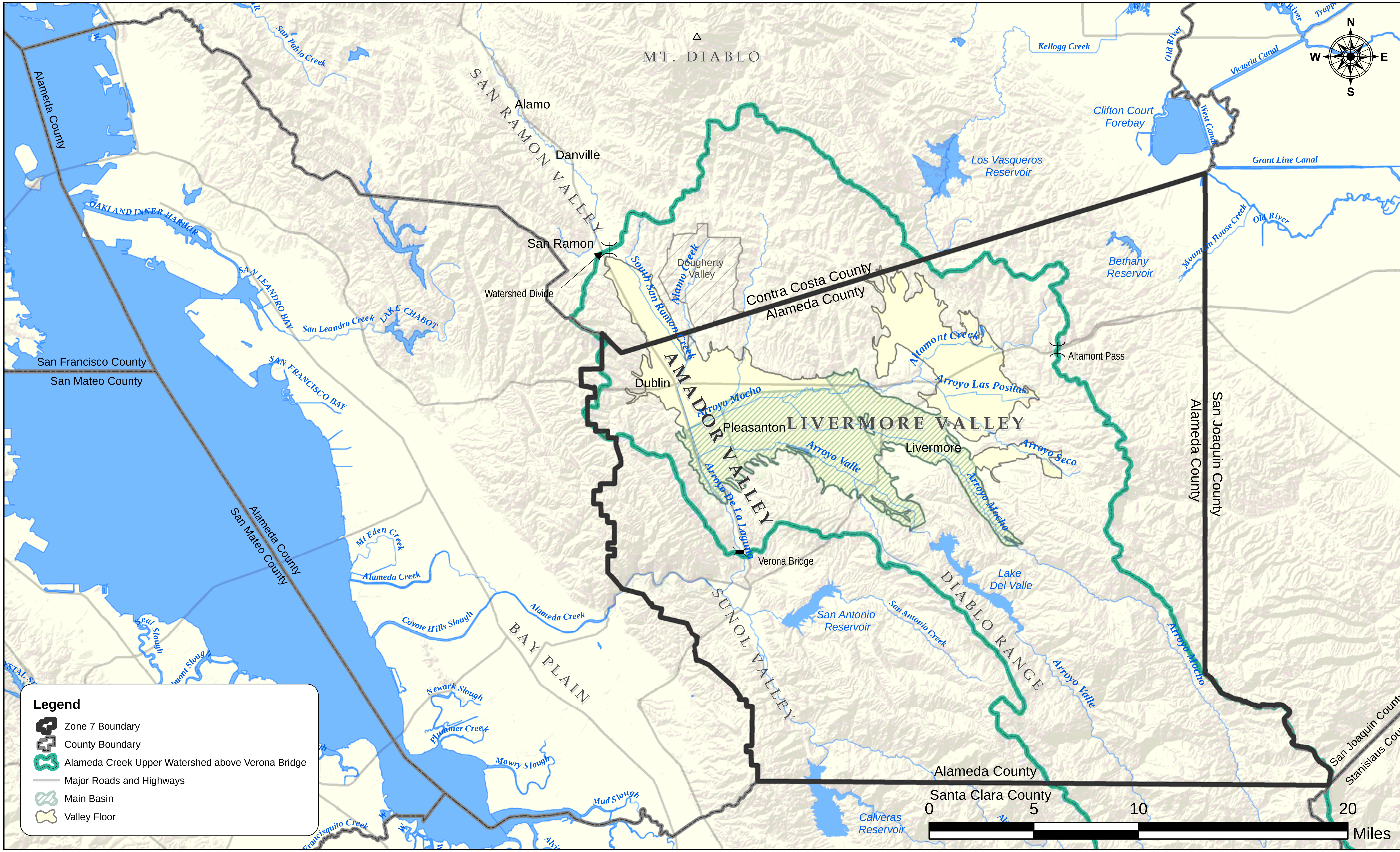
- Tri-Valley **Convention and Visitors Bureau**
- Tri-Valley **Business Council**
- Tri-Valley **Bank**
- Tri-Valley **Times**
- Tri-Valley **YMCA**
- Tri-Valley **Haven**
- Tri-Valley **Conservancy**
- Tri Valley **Transportation Council**
- Tri-Valley **Plumbing**
- Tri-Valley **Regional Occupation Program**

It should be noted that some organization’s area of service does include all of the cities commonly considered part of the Tri-Valley. For example the Tri-Valley YMCA and Tri-Valley Regional Occupation Program serve Livermore, Pleasanton, Dublin and Sunol and not serve the San Ramon Valley cities.



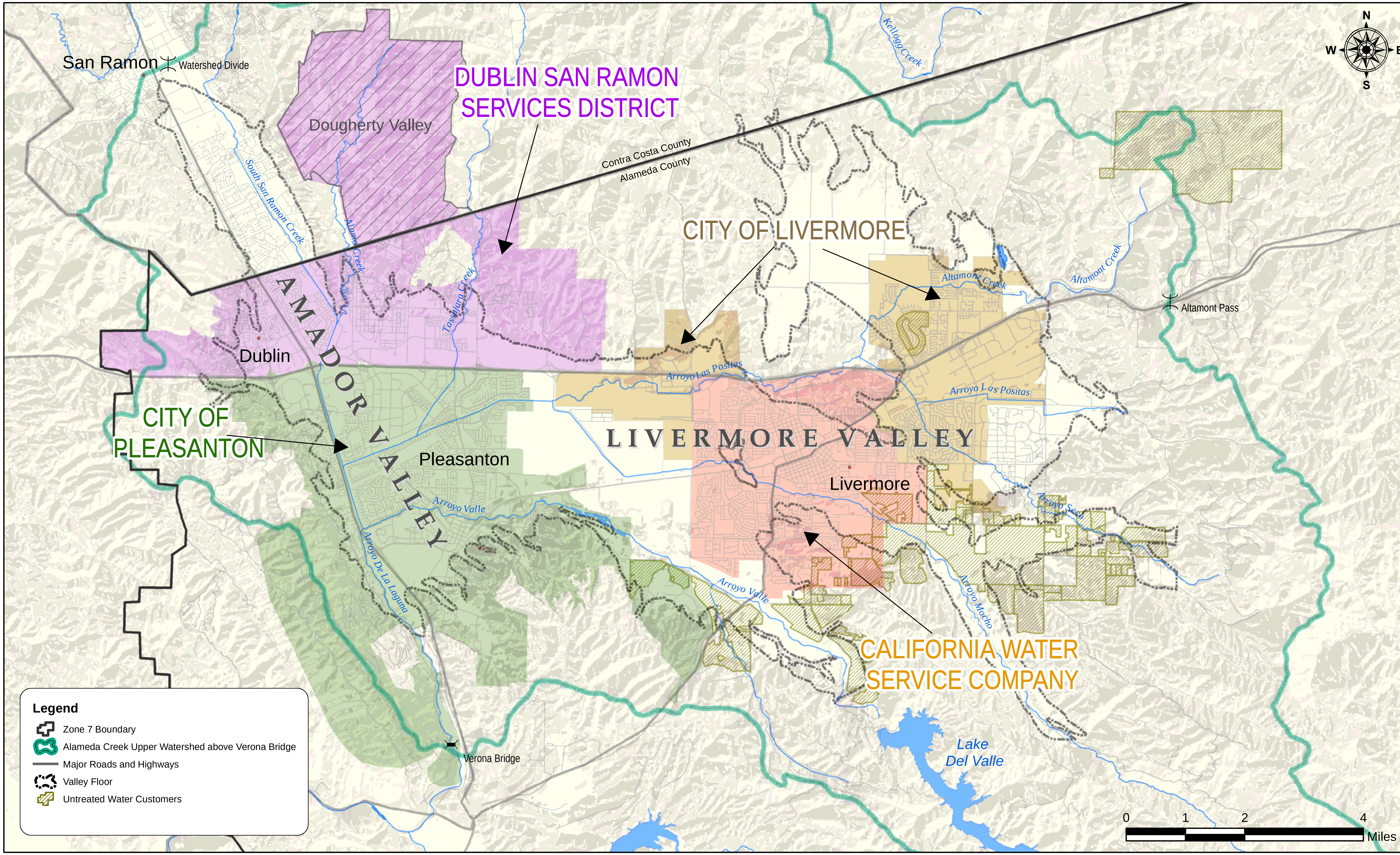
VALLEY CITIES

FIGURE 1



ZONE 7 BOUNDARY WITH GEO-FEATURES

FIGURE 2



WATER SERVICE AREAS

FIGURE 3