NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

DATE: **Wednesday, October 20, 2010**

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

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

Director Moore will be participating remotely via speakerphone from the Sheraton Station Square Hotel, 300 W. Station Square Drive, Pittsburgh, Pennsylvania

Any member of the audience 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 Acting Zone 7 Board Secretary, Judy Rector, at (925) 454-5053 or fax (925) 454-5727. 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. Salute to Flag

3. Citizens Forum

   This is an opportunity for members of the audience 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 15, 2010

5. Consent Calendar

   a) Personnel Action: Facilities Maintenance & Construction Supervisor
   b) Award of Contract for the Patterson Pass Water Treatment Plant Sodium Hypochlorite System Modifications Project – Project No. 208-12
   c) New Solar Power Purchase Agreement for Del Valle Water Treatment Plant

   Recommended action: Adopt resolutions approving items as presented.

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

7. Treated Water Rate for 2011
   a. Adoption of the Delta Charge for 2011
   b. Adoption of the Treated Water Service Rate for 2011
   c. Adoption of the Recharge Fee Rate for 2011
   d. Adoption of the Temporary Treated Water Service Rate for 2011
   e. Adoption of the Treated Water Rate Schedule for Private Fire System and Standby Service for 2011
   f. Adoption of the In-Lieu Treated Water Rate for 2011

   Recommended action: Adopt resolutions

8. Untreated Water Rate for 2011
   a. Adoption of the Untreated Water Rate for 2011
   b. Adoption of the Temporary Untreated Water Rate for 2011
   c. Adoption of the Non-Scheduled Untreated Water Rate for 2011
   d. Adoption of the Surplus Untreated Water Rate for 2011

   Recommended action: Adopt resolutions.

9. Proposed 2011 Development Impact Fee – Municipal & Industrial Water Connection Fee

   Recommended action: Adopt resolution.

10. Committees

    a. Delta Committee of September 29, 2010 – Minutes attached.

11. Items for Future Agenda – Directors

12. Reports – Directors
    a. Written report by Director Quigley
    b. Verbal reports

13. Staff Reports (Information items. No action will be taken.)
    a. General Manager's Report
    b. Recent Public Outreach Activities & Schools Program Update
    c. Legislative Update
    d. Status Report on Separation Efforts
    e. Update on the Bay-Delta Conservation Planning Effort
    f. Quarterly Update of Expansion Fund
    g. Verbal Reports

14. CLOSED SESSION

    a) Conference with Labor Negotiators:
    Agency Negotiator: G.F. Duerig
    Employee Organizations: Alameda County Management Employees Association; Alameda County Building and Construction Trades Council, Local 342, AFL-CIO; International Federation of Professional and Technical Engineers, Local 21, AFL-CIO; Local 1021 of the Service Employees International Union, CTW; Unrepresented Management

    b) Government Code Section 549547: Public Employee Performance Evaluation
    Title: General Manager

15. Open Session and Report Out of Closed Session

16. Adjournment

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

    a) Regular Board Meeting: November 17, 2010, 7:00 p.m.

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

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION:
CONTACT PERSON: Jill Duerig

AGENDA DATE: October 20, 2010 ITEM NO: 5a

SUBJECT: **Personnel Action: Facilities Maintenance & Construction Supervisor**

SUMMARY:

- Zone 7 continues to assess the staffing needs of the Agency Maintenance Section.
- The "Management Classification and Staffing Review" conducted by A.H. Pruit Tully and presented to the Board on October 21, 2009 identified that the Agency would benefit by adding one Facilities Maintenance & Construction Supervisor position.
- This position will allow the General Manager flexibility in optimizing efficient management of the Maintenance Section in light of upcoming planned retirements in the Operations and Maintenance Department.
- This position will have management authority and responsibility over the Lead Plant Mechanic, Plant Mechanics, Plant Maintenance Laborer, Electricians, Instrument Technicians, and Construction Maintenance Laborers for maintaining and repairing the water supply system.
- This position will also assist engineering and operations by providing information related to equipment selection, standardization of equipment, project layout, and design of treatment facilities of all types.
- There is no change to the existing salary schedule.

FUNDING:
We are requesting the authorization for one unfunded position. There is no additional cost.

RECOMMENDED ACTION:
Approve the attached resolution for one unfunded position of Facilities Maintenance & Construction Supervisor position.

Attachments:
Zone 7 Board Resolution
Memo providing additional background and discussion

BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the following personnel action:

Approve one unfunded position of Facilities Maintenance & Construction Supervisor position, Zone 7

BE IT FURTHER RESOLVED that the General Manager of Zone 7 is hereby authorized and directed to approve and sign the salary schedule for this position; and

BE IT FURTHER RESOLVED that the Auditor-Controller of Alameda County is authorized and directed to draw the necessary payroll warrants from Zone 7 funds in accordance with the adopted schedule.

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 20, 2010

By________________________________
President, Board of Directors

Interoffice Memo

Date: October 1, 2010

To: Jill Duerig, General Manager

From: Tom Pico, Human Resources Analyst II

Subject: Maintenance Manager

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

BACKGROUND:

- The "Management Classification and Staffing Review" conducted by A.H. Pruit Tully and presented to the Board on October 21, 2009 identified that the Agency would benefit by adding one Facilities Maintenance & Construction Supervisor position.
- Zone 7 continues to assess the staffing needs of the Agency Maintenance Section.
- We have confirmed that the Agency would benefit by adding one unfunded position of Facilities Maintenance & Construction Supervisor position.
- This position will allow the General Manager flexibility in satisfying Maintenance Section needs with upcoming planned retirements in Operations.

DISCUSSION:

In order to satisfy the Maintenance Sections needs and to continue operating as efficiently as possible management has requested adding one unfunded position of Facilities Maintenance & Construction Supervisor position. This position will allow the General Manager flexibility when planning for upcoming retirements in Operations.

FUNDING:

We are requesting the authorization for one unfunded position. There is no additional cost.

RECOMMENDED ACTION:

Staff recommends that the Board adopt the attached Resolution to (1) approve the addition of one unfunded classification at the existing salary schedule; (2) authorize the General Manager to approve and sign the salary schedule for this position; and (3) authorize the Auditor-Controller of Alameda County to draw the necessary payroll warrants from Zone 7 funds in accordance with the adopted schedule.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION: WATER SUPPLY ENGINEERING
CONTACT: SUZANNE ALAKSA\JARNAIL CHAHAL

AGENDA DATE: October 20, 2010 ITEM NO. 5b

SUBJECT: Award of Contract for the Patterson Pass Water Treatment Plant Sodium Hypochlorite System Modifications Project – Project No. 208-12

SUMMARY:

- The existing on-site Sodium Hypochlorite generation system at the Patterson Pass Water Treatment Plant (PPWTP) is expensive to maintain and operationally inefficient.
- The work required to change the PPWTP Sodium Hypochlorite System from 0.8% on-site generation to 12.5% bulk delivery includes chemical piping modifications, secondary containment coating and plant metering pump replacements.
- The majority of the piping and pump modifications will be done by in-house staff with the exception of the specialty coating to be applied to the existing concrete containment structure. The scope of this contract is limited to the coating application.
- The project is categorically exempt from CEQA review. The Notice of Exemption was filed with Alameda County on September 10, 2010.
- The Engineer's Estimate for the coating installation is $ 55,000.
- Zone 7 advertised the construction contract for the coating installation on September 13, 2010 and four bids ranging from $36,600 to $48,875 were received.
- Bids were reviewed by Zone 7 staff and it was determined that the lowest responsive and responsible bidder is Redwood Painting Co., Inc., with a bid of $36,600.
- Staff recommends award of contract to Redwood Painting Co., Inc.

FUNDING:

This project is funded from Fund 72 – Renewal & Replacement/System-Wide Improvements, and funds are available in the Fiscal Year 2010/2011 budget.

RECOMMENDED ACTION:

Adopt the attached resolution to:

- Approve plans, specifications, appendices and addenda;
- Accept the bid and award a contract to Redwood Painting Co., Inc., as the lowest responsive and responsible bidder for the bid amount of $36,600;
- Authorize the General Manager to negotiate and execute the contract with Redwood Painting Co., Inc.; and
- Authorize the General Manager to issue change orders as and when required for an amount not-to-exceed $3,660 (10% of contract amount).

ATTACHMENTS:

1. Memo providing additional background and discussion of agenda item
2. Zone 7 Board Resolution

Interoffice Memo

Date: October 20, 2010
To: Jill Duerig, General Manager
From: Suzanne Alaksa, Associate Civil Engineer
Subject: Award of Contract for PPWTP – Sodium Hypochlorite System Modifications – Project No. 208-12

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

BACKGROUND:

Since 2003 an on-site generation (OSG) system has been used to produce sodium hypochlorite for the Patterson Pass Water Treatment Plant. The on-site generation system produces 0.8% Sodium Hypochlorite that is stored in two fiberglass tanks.

Due to the high maintenance cost and the cost of replacement parts for the OSG system, an alternative disinfection system utilizing bulk delivery of 12.5% solution of sodium hypochlorite was evaluated and selected. Design of new metering pumps and piping modification is required for the higher concentration system. The existing fiberglass storage tanks are suitable for storing 12.5% solution however, since this concentration is classified as hazardous, the Alameda County Department of Environmental Health (ACDEH) requires that the concrete secondary containment structure be coated to protect the concrete from exposure to the chemical. The concrete coating work will be coordinated with the removal/demolition of the existing piping in the containment area which is to be completed by Zone 7 staff. Because of the specialty nature of the work, an outside contractor will be used to apply the coating to the concrete containment structure. The award of this contract is to complete this coating work. The project is scheduled to be completed during this winter's plant shutdown.

DISCUSSION:

This project was advertised on September 13 and again on September 20, 2010 in two local newspapers in accordance with the Public Contract Code and was also posted on Zone 7's website. Copies of the plans and specifications were posted at two Northern California building exchanges. A mandatory pre-bid meeting was held on Sept. 23, 2010. On October 5, 2010 in accordance with established procedures, the following bids were received:

Name of Firm	Total Bid Amount
Fluid Resource Management	$48.875
Hansen Painting & Decorating	$43,463
F.D. Thomas, Inc.	$43,000
Redwood Painting Co., Inc.	**$36,600**

The Engineer's Estimate for this contract is $55,000. Zone 7 staff have reviewed the bids and determined that the low bidder has complied with the bid requirements. Staff recommends awarding the contract to the lowest responsive responsible bidder in an amount not-to-exceed $36,600 based on the lump sum prices in their bid for Project No. 208-12. Staff also recommends authorizing the General Manager to negotiate and issue change orders as and when required by that contract for an amount not to exceed $3,660.

Construction is scheduled to commence in November 2010. Final completion of the project is anticipated by February 2011.

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District has a project known as "Patterson Pass Water Treatment Plant Sodium Hypochlorite System Modifications" (Project) to apply coating to the secondary concrete containment structure during the winter shutdown of the plant; and

WHEREAS, the Project is a Class 2 project categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15302; and

WHEREAS, the Project plans, specifications and addendum were developed and advertised for bids in accordance with the California Public Contract Code; and

WHEREAS, bids were received and publicly openly read by the Zone 7 General Manager's authorized representatives at the Zone 7 Administration Building, 100 North Canyons Parkway on October 5, 2010 at 2:00 pm; and

WHEREAS, four bids were received and the lowest responsive responsible bid received for Project No. 208-12 is the bid by Redwood Painting Co., Inc. with a bid amount of $36,600; and

WHEREAS, Project funding was budgeted and is available in Fund 72 – Renewal & Replacement/System-Wide Improvements.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby authorize Project No. 208-12, for the construction of the PPWTP Sodium Hypochlorite System Modifications Project; 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 approve the plans, specifications, appendices and addendum for Project No. 208-12; and

BE IT FURTHER RESOLVED that the bid of the lowest responsive and responsible bidder, Redwood Painting Co., Inc. be received and is hereby accepted, and that the contract for work be awarded to Redwood Painting Co., Inc. for a not to exceed amount of $36,600; and

BE IT FURTHER RESOLVED that the General Manager be authorized to negotiate and execute the contract on behalf of Zone 7 of the Alameda Flood Control and Water Conservation District upon such presentation and approval of the contract and each of the bonds presented by Redwood Painting Co., Inc.; and

BE IT FURTHER RESOLVED that the General Manager be authorized to negotiate and issue change orders as and when required by that contract for an amount not to exceed $3,660.

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 20, 2010

By____

President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION:
CONTACT: DENNIS GAMBS/JOHN YUE

AGENDA DATE: October 20, 2010 ITEM NO. 5c

SUBJECT: New Solar Power Purchase Agreement For Del Valle Water Treatment Plant

SUMMARY:

- On July 2, 2008, Zone 7 entered into a Power Purchase Agreement (PPA) with Renewable Technologies, Inc. (RTI) for a 300 kW photovoltaic (PV) facility at the Del Valle Water Treatment Plant (DVWTP).
- RTI was unable to complete the facilities after a prolonged effort to secure additional funding to install the facilities and so informed Zone 7 on August 13, 2010; therefore, effective August 31, 2010, Zone 7 terminated the PPA with RTI.
- On September 15, 2010, Zone 7 issued a request for proposals for completing the installation of the solar PV Facility under a new Power Purchase Agreement. Zone 7 received proposals from Borrego Solar, Pacific Power Management, Solar Power Partners and SunEdison.
- Staff reviewed the proposals and recommends negotiating with Borrego Solar Systems, Inc. (Borrego) for a new Power Purchase Agreement (PPA) for a 345-kilowatt photovoltaic electricity generation facility.

FUNDING:

The purchase of solar energy under the PPA would offset the need to purchase an equal amount of electricity from PG&E. There is no capital funding requirement resulting from the PPA.

RECOMMENDED ACTION:

Adopt the attached resolution to:

1) Make findings in conformance with Government Code section 4217.12 for a PPA.
2) Authorize the General Manager to finalize terms and conditions and to execute said Power Purchase Agreement with Borrego to provide solar energy at a not-to-exceed initial price of $0.12/kWh with a maximum 3% annual escalation factor.

ATTACHMENTS:
Resolution
Letter of Intent – Power Purchase Agreement
Site Plan

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

POWER PURCHASE AGREEMENT

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District ("Zone 7") owns and controls real property at its Del Valle Water Treatment Plant upon which Zone 7 desires to grant a license ("License Agreement") to Borrego Solar Systems, Inc. ("Borrego") to design, install, operate, and maintain in good repair a photovoltaic electricity generation facility ("Facility") with a total capacity of approximately 345 kW; and

WHEREAS, Zone 7 desires to purchase the output from the Facility installed by Borrego at a negotiated fixed rate pursuant to a solar power purchase agreement ("Power Purchase Agreement");

WHEREAS, the proposed grant of a License Agreement to Borrego and purchase of energy from Borrego would decrease Zone 7's energy costs as well as Zone 7's dependence on fossil fuel electric-generating resources and would promote the generation of electricity from clean energy sources;

WHEREAS, Government Code section 4217, et seq., provides that public agencies may enter into agreements under which the public agency may purchase the energy generated from a facility constructed on the public agency's property under an agreement so long as certain findings are made by the agency's governing body;

WHEREAS, pursuant to Government Code section 4217.12, as a condition of entering into an energy purchase agreement, the governing body must make a finding that the anticipated cost to the entity for electrical energy services will be less than the anticipated marginal cost to the entity of electrical or other energy that would have been consumed by the entity;

WHEREAS, Government Code section 4217.12 requires the governing body of a public entity to find that the difference, if any, between the fair market value for the license and grant of an easement to the real property subject to the License Agreement and the agreed license payment, is anticipated to be offset by below-market energy purchases or other benefits provided under the proposed Power Purchase Agreement; and

WHEREAS, the terms of the proposed License Agreement and the Power Purchase Agreement are anticipated to be finalized through negotiations between Zone 7 and Borrego.

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 find that, pursuant to Government Code section 4217.12, the anticipated cost to Zone 7 for electrical energy services to be purchased by Zone 7 from Borrego under a Power Purchase Agreement will be less than the anticipated marginal cost to Zone 7 of electrical or other energy that would have been consumed by Zone 7;

BE IT FURTHER RESOLVED, that the Board hereby finds that, pursuant to Government Code section 4217.12, that the difference, if any, between the fair market value of the license and the agreed License Agreement, is anticipated to be offset by below-market energy purchases or other benefits provided under the Power Purchase Agreement; and

BE IT FURTHER RESOLVED, that the Board does hereby authorize the General Manager to finalize terms and conditions and to execute said Agreements with Borrego to purchase solar energy at a not-to-exceed price of $0.12/kWh with a maximum 3% annual escalation factor.

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 20, 2010

By____________________
President, Board of Directors

INTEROFFICE MEMO

Date: October 20, 2010
To: Jill Duerig, General Manager
From: Dennis Gambs, Principal Engineer
Copy: John Yue, AGM Administration
Subject: New Solar Power Purchase Agreement For Del Valle Water Treatment Plant

BACKGROUND

On July 2, 2008, Zone 7 entered into a Power Purchase Agreement (PPA) with Renewable Technologies, Inc. (RTI), for a 300 kW photovoltaic (PV) facility at the Del Valle Water Treatment Plant (DVWTP). RTI was unable to complete the facilities after a prolonged effort to secure additional funding to install the facilities and so informed Zone 7 on August 13, 2010. Effective August 31, 2010, Zone 7 terminated the PPA with RTI. Portions of the project completed by RTI include: Electrical conduit, three 100-kW inverters and ground anchors for the solar array foundation. Solar panels and supporting structures (including the single axis tracking system) and the wiring were not installed.

SOLAR PROVIDER SELECTION

On September 15, 2010, Zone 7 issued a request for proposals for completing the installation of the solar PV Facility under a new Power Purchase Agreement. Zone 7 received proposals from Borrego Solar, Pacific Power Management, Solar Power Partners and SunEdison.

In order to determine the most economically attractive offer, an analysis was performed to determine the net present worth savings of each proposal. The net present worth value is the savings of the estimated future energy cost payments resulting from the purchase of solar power instead of PG&E power over the 20-year term of the contract. This calculation factors in the energy costs as well as the estimated solar energy produced each year of the PPA. For all Proposals the rates escalate at 3% annually, the cost of money is 5% and production loss is 0.05% each year due to degradation in the solar panels. The proposal with the greatest cost savings at $810,911 was by Borrego.

Proposal Summary and Present Worth Savings

Proposer	Initial Year Rate	First Year Production	First Year Cost Savings	Present Worth Savings
Borrego Solar	$0.12/kWh	648,608 kWh	$52,042	**$810,911**
Pacific Power Management	$0.135/kWh	677,321 kWh	$44,906	$696,437
Solar Power Partners	$0.14/kWh	630,355 kWh	$37,513	$577,843
SunEdison	$0.11/kWh	535,251 kWh	$37,285	$574,194

The energy costs savings with the Borrego proposal is approximately double the savings that would have resulted under the original PPA with RTI. Under the PPA with RTI, the initial rate of $0.125 and annual escalation of 3.5% with first year production of 515,400 kWh result in a present worth savings of $401,951 as compared to the $810,911with the Borrego proposal. The more favorable rate offered by Borrego reflects a decrease in the market costs of solar panels and inverters.

TERMS OF AGREEMENT

Under the PPA, Borrego will own the Facility and be responsible for its design, installation, operation and maintenance. Zone 7will be obligated to purchase 100% of the electricity generated by the Facility. The PPA will have a term of 20 years and include provisions for renewal. Borrego would also have the right to use the premises at DVWTP where the Facility is to be located for the term of the PPA. Zone 7 will retain the Renewable Energy Credits and assign its California Solar Initiative rebate reservation to Borrego. For additional information, attached are the Term Sheet with agreement terms of the PPA and a site map with a preliminary layout of the PV panel configuration.

In conjunction with the PPA, Borrego has the responsibility to determine which facilities already installed by RTI can be utilized and to work directly with RTI to negotiate the purchase of any facilities of interest through an appropriate purchase agreement. Zone 7 would not be a party to any purchase/sale agreement between RTI and Borrego.

The California Solar Initiative (CSI) rebate reservation that would be assigned to the Provider would be at the "Step 4" level and would provide significant financial incentive to the PPA. Zone 7 is currently working with PG&E to have this reservation extended. Successful extension of the rebate is critical to maintaining the energy cost rate proposed in the new PPA. The solar facility under the new PPA must be operational would need to be consistent with the date of the reservation extension.

<u>Borrego Solar Background</u>

Borrego has been designing and building solar facilities for 30 years with over 1,000 grid-connected PV installations including: rooftop, carport-mounted and ground-mounted commercial applications. They have installed 4.4 MW of solar electric facilities under Power Purchase Agreements with 6 additional MW currently under contract. They have experience working with a variety of clients including residential and commercial entities, governmental organizations, municipalities, public and private schools, affordable housing developers, general contractors and non-profit organizations. They have the in-house ability to design, permit, procure, manage the project, install, commission, interconnect, inspect, finance and claim incentives for large-scale solar electric facilities.

Borrego has provided Zone 7 a letter stating that they have $30 million dollars of available funding for public and municipal projects throughout California. This gives Borrego the ability to finance solar PV installations directly without the need to bring in a third-party facility owner, thereby leaving negotiations between Borrego (acting as both the financier and design-build firm) and the Host Customer, Zone 7.

ENERGY SERVICE CONTRACT REQUIREMENTS

California Government Code Section 4217 makes provisions for public agencies to obtain alternate energy supply sources. Under section 4217.12, a public agency may enter into an energy service contract and related facility ground lease on terms that its governing body determines are in the best interests of the public agency. The determination must be made at a public hearing at a regularly scheduled meeting for which public notice is given at least two weeks in advance. The governing body must find:

1) That the anticipated cost to the public agency for electrical energy provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of electrical energy that would have been consumed by the public agency in the absence of those purchases.

2) That the difference, if any, between the fair rental value for the real property subject to the facility ground lease and the agreed rent, is anticipated to be offset by below-market energy purchases or other benefits provided under the energy service contract.

Zone 7 published the required public notice in the local newspapers on October 5, 2010. The Cost Analysis summary in the preceding section indicated that the cost of the solar energy is less than the marginal cost of electricity from PG&E. The benefits provided to Zone 7 under the PPA compensate for the Provider's use of the Zone 7-owned site for the project. The site for the photovoltaic array is located on the sloped area above the treatment plant parking area, as shown in the attachment. This open space is not used or planned for any use by Zone 7 and is available for the project. There is essentially no commercial rental value to this property other than as a part of the treatment facilities. The need to secure the treatment plan premises from the general public would not permit outside use of the site. There is no cost being charged to Borrego for the use of the premises for the term of the PPA. The attached resolution includes the required Government Code reference above, and by the Board's adoptions, makes the findings necessary to enter into the PPA.

Borrego Solar Systems, Inc.
1810 Gillespie Way, Suite 108
El Cajon, Ca. 92020
www.borregosolar.com

BORREGO SOLAR

October 15, 2010

Zone 7 Water Agency
Principle Engineer
Zone 7 Water Agency
100 North Canyon Parkway
Livermore, Ca. 94551

Re: Letter of Intent -- Power Purchase Agreement

Dear Mr. Gambs:

This letter is to summarize the current understanding of the proposed transaction between Zone 7 *("Host")* and the team comprised of Borrego Solar Systems, Inc. *("Provider")* concerning (i) the installation and operation of a solar energy system (the "*Facility*") on the land area located at 601 E. Vallecitos Road, Livermore, Ca. 94550 (the "*Premises*") and shown on attached PV-3 drawings and (ii) the sale of 100% of the electricity produced by the Facility to Host. Host and Provider are referred to herein collectively as "Parties" and individually as "Party." Provider will be responsible for designing, installing, financing and ultimately owning the Facility. This letter will allow the completion of an evaluation of the Premises for the installation and operation of the Facility, to identify potential financing sources and business partners, and to determine the financial and technical feasibility of the Facility ("Due Diligence"). The basic terms and conditions set forth herein are subject to further negotiation between the Parties based on the outcome of Provider's Due Diligence to be memorialized in a Power Purchase Agreement (the "PPA")and a Site Access Agreement..

Documentation:	A PPA governing the purchase and sale of electricity produced by the Facility and (ii) a Site Access Agreement to be entered into between Provider and Host to allow installation and operation of the Facility on the Premises. The PPA will be assignable by Provider to one of their affiliates.
Installation and Operation of the Facility: ***Installation and Operation:***	Provider will be responsible for all costs to develop, engineer, construct, install, finance, operate and maintain the Facility. Host will be responsible for its legal, financial, transaction and internal project management expenses.
RTI Supplied Equipment:	Provider intends to purchase the AC conduits (only) installed by RTI. All other equipment (inverters, ground screws, inverter pads) installed by RTI shall be removed prior to commencement of work
Term:	The PPA will have a term of 20 years, plus a right to renew for two additional periods of five years, at Host's option (the "*Term*"). Should Host terminate the PPA prior to its

termination, either voluntarily or through a breach of the PPA, Host may be required to compensate Provider for certain early termination fees related to the potential recapture of tax credits and loss of future revenues, unless Host opts to purchase the Facility.

Purchase of Electricity:	During the Term, Host will purchase 100% of the electricity generated by the Facility. The purchase price for electricity generated by the Facility during the first year will be **$0.12 per kilowatt hour, and shall increase 3% per year.**
Ownership of System:	The Facility will remain the property of the Provider during the term of the PPA.
Option to Purchase Facility:	At the end of the Term, Host will have an option to have the Facility removed at no additional cost to Host or to purchase the Facility. The value of the Facility for purchase shall be the greater of (x) the present fair market value pursuant to an appraisal as described in the PPA and (y) an amount determined by a calculation of the net present value of the net revenue forecast for the continued use of the Facility during the remaining useful life of the equipment. The net present value will be: (a) calculated with a discount rate of six (6) percent; (b) based upon no less than a 25-year life of the system; (c) based on the value of the electricity to be produced by the system during its remaining life, as calculated by the current PPA price, escalating at two (2) percent per annum; (d) less the removal cost of the Facility at $0.50 per installed watt DC; (e) less the cost of operating and maintaining the Facility over the remaining useful life including the cost of replacing inverters and any other components of the Facility that may need replacement over the remaining useful life.
Energy Attributes:	Provider will be entitled to any and all, incentives, credits, off-sets, rebates or similar benefits arising out of the development, installation, sale, operation or ownership of the Facility.
Environmental Attributes:	Renewable Energy Credits (the "REC's") and other environmental air quality credits and related emissions reduction credits or benefits (economic or otherwise) related to electricity, will be owned by Host.
Insurance:	Provider will be responsible for obtaining and maintaining property and liability insurance relating to installation and

Borrego Solar Systems, Inc.
1810 Gillespie Way, Suite 108
El Cajon, Ca. 92020
www.borregosolar.com

operation of the Facility.

License Agreement:	Provider may use the premises for the term of the PPA in consideration for providing the contracted amount of electrical energy. No additional fees will be charged for use of the premises.
Operations and Maintenance:	Provider will be responsible for Operations and Maintenance for the Term of the PPA.
Estimated System Output:	645,190 kWh in the initial year with 0.5% annual efficiency loss thereafter
Conditions:	Customary conditions, including mutually acceptable documentation, necessary permits, execution of the Site Access Agreement and Provider's ability to obtain satisfactory financing for the development, installation and operation of the Facility. Provider understands the current expiration date of the rebate is May 31 2011, however Host agrees to assist in getting an extension since Provider anticipated date for funding is March 2011. Host agrees to assign the current CSI reservation step 4 to Provider
Rebates and Incentives:	Rebates and Incentives including the California Solar Initiative rebates and Federal tax incentives belong to the Provider.
Facility:	The Facility located at the treatment plant site will include: photovoltaic solar modules on ground mounted single-axis tracker with inverter, data acquisition system, revenue grade meter and all other ancillary electrical equipment required for completion of the Facility.
Taxes, Permits and Fees:	Provider shall be responsible for any taxes, permits or fees associated with the purchase, installation, and operation and maintenance of the Facility.

This letter sets forth the current expectations concerning the principal terms of the proposed PPA, but does not create any binding obligations between the Parties. This letter is not a binding legal document and is intended solely to reflect the mutual intent of the Parties as to the general terms of the proposed project to assist in the drafting and negotiation of a mutually agreeable PPA and related agreements. Only a fully-negotiated PPA and related agreements that have been reviewed and approved by both Host and Provider in accordance with their respective governance processes shall be binding. This letter of intent shall be valid for a period of thirty (30) days from its date of execution unless otherwise extended by mutual agreement of the Parties.

Please contact us if you have any questions or comments. We look forward to working with you on this transaction.

Very Truly Yours,

Mike Hall	Jason Tai
CEO, Borrego Solar Systems, Inc.	Managing Director, Green Lake Capital, LLC

Accepted and Agreed:

Zone 7

By: ____________________ ____________________

Name: Date

Title:

CLIENT INFO

PROJECT ADDRESS
601 E. VALLECITOS ROAD
LIVERMORE, CA 94550

APPLICABLE CODES & STANDARDS
2008 MA ELECTRICAL CODE 527 CMR 12.00
MA STATE BUILDING CODE 7TH EDITION
UL 1703 – SOLAR MODULES
UL 1741 – INVERTERS

PROPOSAL NOTES

1. SCOPE OF THIS DRAWING: A PRE-CONTRACT ESTIMATE OF POTENTIAL SOLAR ARRAY SIZE AND LOCATION
2. ALL DIMENSIONS SPECIFIED HERE ARE FOR REFERENCE ONLY; **DO** NOT SCALE THIS DRAWING. CONFIRM KEY DIMENSION IN THE FIELD BEFORE BEGINNING INSTALLATION. PROPER DIMENSION FOR THIS ROOFTOP **AND** BUILDING SHOULD BE OBTAINED FROM THE CUSTOMER
3. THIS PHOTOVOLTAIC INSTALLATION SHALL BE INSTALLED IN ACCORDANCE WITH THE EDITIONS OF THE UNIFORM BUILDING CODE (UBC), THE NATIONAL ELECTRICAL CODE (NEC), AND ANY LOCAL BUILDING CODES CURRENTLY BEING ENFORCED BY THE AUTHORITY HAVING JURISDICTION (AHJ).

PROPOSAL SPECIFICATIONS

MODULES QTY, MODEL	1,470, YINGLI YL 235P-29B
MODULE PER STRING	14
STRINGS QTY	96
SYSTEM DC RATING (kW)	345.450
SYSTEM AC RATING (kW)	301.150
DC TO AC DERATE FACTOR	.8718
INVERTER(S) INFO	1, AE333
ARRAY(S) TRUE AZIMUTH (DEG)	180°
ROOF(S) SLOPE (DEG)	FLAT GROUND
RACKING DETALES	WATTSUN DURA TRAK HZ TRACKERS, 40% GCR
NUMBER OF SUB ARRAYS	2
NUMBER OF OMITTED MODULES	N/A

BORREGO SOLAR
1810 GILLESPIE WAY, SUITE 106
EL CAJON, CA 92020
PHONE: (888) 898-6273
FAX: (888) 843-6778
www.borregosolar.com

ZONE 7 WATER AGENCY
601 E. VALLECITOS ROAD LIVERMORE, CA 94550

REV	DATE	DRAWN	CHECKED	RELEASE LEVEL
1	XX/XX/10	XXX	WHSU	L1 PROPOSAL LAYOUT
2	10/07/10	KMR	TP	PROPOSAL REVISION 1

SCALE: 1/128" = 1'

VALID ONLY WHEN PLOTTED ANSI B 11" X 17"

PV-3

PROPOSAL LAYOUT

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: October 20, 2010

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 2010 according to the established Program Guidelines. The individual chosen out of the submitted nominations is recommended to Management for approval and subsequent announcement to all Agency employees.

Karen Bartels, Buyer II, has been chosen from among those nominated as the August 2010 Employee of the Month. Karen works in the Financial and Systems Services Section of the Finance Division at the North Canyons Facility. According to the recommendation received by the committee, Karen is very dedicated to her work and strives to provide superior service for Zone 7. In the course of her work she must deal with challenging County policies and finds creative ways to deal with purchasing issues while at the same time adhering to all the policies, codes, and regulations that create numerous road blocks. The recommendation goes on to say that Karen works well under the pressure of short deadlines and is courteous and professional in pursuit of her work.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Karen Bartels as August 2010 Employee of the Month.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

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

AGENDA DATE: October 20, 2010 ITEM NO: 7

SUBJECT: **Treated Water/Recharge Rate Schedules for 2011**

SUMMARY:

- The proposed treated water rate schedules apply to calendar year 2011.
- The Finance Committee recommendation is a treated water rate of $878 per acre-foot, which is no increase above calendar 2010, as shown in the table below.
- The Board also discussed 2% and 4.5% increases.
- If approved, these new rates will become effective on January 1, 2011.

	Rates		0% Change	2% Rate	4.5% Rate
	2011	2010	From 2010	Increase Over 2010	Increase Over 2010
Treated [1]	$878	$878	0%	$896	$918
Recharge [1]	$641	$617	3.89%	$641	$641
In-Lieu Treated [1]	$98	N/A	N/A	$98	$98
Private standby [2]	$3.60	$3.60	0%	$3.68	$3.76
Temp Treated [2]	$3.60	$3.60	0%	$3.68	$3.76

[1] Per acre-foot [2] Per 100 cubic feet

RECOMMENDED ACTION:

Assuming the Board follows the Finance Committee's recommendation, adopt the attached resolutions:

a) Approving a Delta charge of $23 per acre-foot to be included for all treated water rates.
b) Approving a treated water rate schedule for 2010: based on a 0% increase, this is $878 per acre-foot which includes the Delta charge.
c) Approving a recharge fee of $641 per acre-foot which includes the Delta charge.
d) Approving a temporary treated water rate schedule of $3.60/100CF which includes the Delta charge.
e) Approving a treated water rate schedule for private fire and standby service of $3.60/100CF which includes the Delta charge.
f) Approving an In-Lieu Water Rate of $98 per acre-foot.

M E M O R A N D U M

DATE: October 20. 2010
TO: Jill Duerig, General Manager
FROM: John Yue, Assistant General Manager
SUBJECT: **Treated Water/Recharge Rate Schedules for 2011**

SUMMARY/ BACKGROUND:
This agenda item transmits the treated water rate recommended by the Finance Committee for the coming calendar year. For calendar year 2011, a water rate of $878 per acre-foot (AF). This is the same as the calendar year 2010 rate of $878 per AF. There is no increase. Staff first presented the preliminary treated water rate to the members of the Tri Valley Water Retailers Group (TWRG) on August 17, 2010 and to the Zone 7 Finance Committee on August 25, 2010. The Finance Committee recommended forwarding the preliminary treated water rates for 2011 to the Board for consideration with a recommendation of no increase for calendar year 2011. At its September 15, 2010 regular meeting, the Board also discussed a nominal increase scenario of 2% which equates to $896 per acre-foot, and a higher 4.5% increase to $918 per acre-foot for the 2011 calendar year. The differences between the scenarios reflect the projected increasing use of reserves, with more reserve use anticipated to achieve a 0% increase. The Dublin San Ramon Services District, the City of Pleasanton, and the City of Livermore indicated their support for a 0% water rate increase. The respective letters are attached.

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 the 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 recommended rate is $641 per AF based on the volume of estimated water delivery, a $24 increase from the 2010 rate of $617 per AF. This fee applies only when the retailers exceed their groundwater pumping quota. 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 2011, the rate would be $1,572 per acre-foot or $3.60 per 100 CF. This is in conformance with the 0% increase in the 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. A 2% water rate increase, if adopted by the Board, will result in a temporary treated water rate at $3.68 per 100 CF.

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 $133 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. This rate is the same as calendar year 2010's rate of $1,572 per acre-foot or $3.60 per 100 CF. LLNL took 82 AF during fiscal year 2009/10. If a 2% water rate increase is adopted, the fire and standby service fee would be $3.68 per 100 CF.

In-Lieu Water Rate
In the event staff concludes that surplus surface water is available in 2011 and that it would be cost-effective to offer it to retailers at a reduced rate to achieve groundwater management objectives, staff has updated the in-lieu treated water rate. In-lieu water is treated water that the Retailers can purchase from Zone 7 instead of pumping their respective Groundwater Pumping Quota (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 Del Valle and Patterson Pass Water Treatment Plants and is $98 per AF for 2011.

Please note that the water rate assumptions are based on best available information; however should the hydrology and water demand projections change significantly, the need to return to the Board with mid-year rate adjustments is possible.

RECOMMENDED ACTION:
Assuming the Board follows the Finance Committee's recommendation, adopt the attached resolutions:

a) Approving a Delta charge of $23 per acre-foot to be included for all treated water rates.
b) Approving a treated water rate schedule for 2010: based on a 0% increase, this is $878 per acre-foot which includes the Delta charge.
c) Approving a recharge fee of $641 per acre-foot which includes the Delta charge.
d) Approving a temporary treated water rate schedule of $3.60/100CF which includes the Delta charge.
e) Approving a treated water rate schedule for private fire and standby service of $3.60/100CF which includes the Delta charge.
f) Approving an In-Lieu Water Rate of $98 per acre-foot.

**DUBLIN
SAN RAMON
SERVICES
DISTRICT**

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

September 7, 2010

Mr. John Greci, President and Board of Directors
Zone 7 Water Agency
100 N. Canyons Parkway
Livermore, CA 94551

Dear President Greci and Members of the Board:

The District has been informed that your Finance Committee will be making a recommendation to the full Board to have a zero percent rate increase for 2011. We support that recommendation and commend the Zone on its continuing efforts to control costs in order to minimize rate impacts on the Tri-Valley residents.

We also would like to thank you for allowing staff to work with the Tri-Valley Water Retailers in advance of the Finance Committee meeting. At the staff level meeting, a suggestion was made to have the Zone consider adopting a multi-year rate plan much like the retailers do. This would demonstrate the Zone's continued commitment to long-term fiscal planning, would increase efficiencies and would provide valuable information to the community about the long-term cost of water. We urge the Zone to consider a multi-year rate plan after the Asset Management study is completed and decisions are made about how to fund long-term system replacements and improvements.

Sincerely,

JEFFREY G. HANSEN
President, Board of Directors

JL\Board 09-07-10\Zone 7\Zone 7 Letter Hansen 2010.docx

THE CITY OF
PLEASANTON

October 12, 2010

Mr. John Greci
President and Board of Directors
Zone 7 Water Agency
100 N. Canyons Parkway
Livermore, CA 94551

Dear President Greci and Members of the Board:

The Pleasanton City Council and the City of Pleasanton appreciates that Zone 7 is considering alternative water rates that would go into effect on January 1, 2011. These alternatives are very important in light of the economic situation in all of California.

As the Board considers water rate alternatives, we respectfully request that the resolution passed by the Pleasanton City Council at the October 5, 2010 be considered. This resolution encourages the Zone 7 Water Agency Board of Directors to approve the ***No Increase in 2011 alternative.***

We strongly believe that if there was ever a time to make use of reserves, now is that time. An increase in costs would create a hardship to residents, local businesses and affect our local economy. Across the State of California, agencies and cities are experiencing fiscal hardship, postponing projects and working to reduce costs and we encourage Zone 7 to consider similar practices in these difficult times.

If you would like to discuss the enclosed resolution or need additional information, please contact my office at (925) 931-5002. Thank you for your consideration.

Sincerely,

Jennifer Hosterman
Mayor

Enclosures: City of Pleasanton Resolution #10-403

MAYOR AND CITY COUNCIL **P. O. Box 520, Pleasanton, CA 94566-0802**
123 Main Street (925) 931-5001
Fax: 931-5482

RESOLUTION NO. 10-403

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PLEASANTON ENCOURAGING THE ZONE 7 WATER AGENCY BOARD OF DIRECTORS TO APPPROVE WATER RATE ALTERNATIVE 3 – NO INCREASE IN 2011

WHEREAS, the Zone 7 Water Agency Board of Directors is considering three water rate alternatives as included in Exhibit A to this resolution; and

WHEREAS, all water rate alternative represent long term rate concepts; and

WHEREAS, Alternatives 1 and 2 include water rate increases in calendar year 2011. Alternative 3 does not include a rate increase in calendar year 2011; and

WHEREAS, while all Alternatives project increases in subsequent years, due to the overall economy, it is important that local agencies limit cost increases that impact the general public and the regional economy; and

WHEREAS, the City Council supports water conservation and the coordination of water activities and is committed to working with all local, regional and State agencies to develop water policies that minimize the need for water rate adjustments.

NOW, THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF PLEASANTON DOES RESOLVE, DECLARE, DETERMINE AND ORDER THE FOLLOWING:

SECTION 1. That the City Council recommends that the Zone 7 Water Agency, Board of Directors approve Alternative 3 – No Increase in 2011 as detailed in Exhibit 1 to this Resolution.

SECTION 2. That the City Council encourages the Zone 7 Board of Directors to continue facilitating opportunities for comment from its water users and the general public on matters related to water rates.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Pleasanton at a regular meeting held on 5th day of October, 2010

I, Karen Diaz, City Clerk of the City of Pleasanton, California, certify that the foregoing resolution was adopted by the City Council at a regular meeting held on the 5th day of October 2010, by the following vote:

Ayes: Councilmembers Cook-Kallio, McGovern, Sullivan, Thorne, Mayor Hosterman
Noes: None
Absent: None

Karen Diaz, City Clerk

APPROVED AS TO FORM:

fo Jonathan P. Lowell, City Attorney

2011 Water Rate Alternatives Summary

ALTERNATIVE 1 - SMOOTHING OF WATER RATE INCREASES

Assumptions:
- Will experience conservation. For FY 2009/10, we asked for 10% conservation, experienced a 18.44% reduction of revenue for the fiscal year. Model uses 11% for 2011 and 10% for 2012 and beyond. We used the retailer water delivery request for 2011 - 2015 with their conservation estimates and then further discounted the numbers based on actual experience.
- Same Asset Management Plan (AMP) assumptions as last year - keeping the annual Fund transfer at least $5M and ramping up to $10M in FY 13/14.
- Updated unaudited actuals for FY 09/10 and Retailer water delivery requests. FY 2009/10 actuals showed that we do not need to use the rate stabilization reserve.
- Estimated expenses for FY 2010/11 (forecast).
- This alternative smoothes out the water rate increases with an average of 4.50% water rate increases and increasing to 5%.
- This alternative is the most favorable for debt service coverage in the event long-term financing for capital projects is necessary.

This alternative shows we need the following water rate increases:

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water Rate	$804.0	$878.0	$918.0	$959.0	$1,002.0	$1,047.0	$1,099.0	$1,154.0	$1,212.0
Increase	16.2%	9.25%	4.50%	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%

	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
Beginning Fund Balance	22,396,349	19,966,159	17,582,490	17,615,490	16,866,821	14,151,711	12,871,422	13,335,345	13,262,351
Treated Water Revenue	30,022,419	35,766,854	36,359,741	38,590,533	40,777,582	43,310,783	46,193,071	49,282,512	51,650,995
Other Revenue	1,112,202	911,000	1,003,000	1,008,000	1,013,050	1,018,151	1,023,303	1,028,506	1,033,761
Total Sources	31,134,621	36,677,854	37,362,741	39,598,533	41,790,632	44,328,934	47,216,374	50,311,018	52,684,756
Operating Expenses	28,253,131	33,646,632	32,285,708	33,039,978	34,105,742	35,209,223	36,352,451	39,984,012	41,284,510
Transfer to Fund 72	5,311,680	5,414,891	5,044,033	7,307,224	10,400,000	10,400,000	10,400,000	10,400,000	10,400,000
Total Uses	33,564,811	39,061,523	37,329,741	40,347,202	44,505,742	45,609,223	46,752,451	50,384,012	51,684,510
Ending Fund Balance	19,966,159	17,582,490	17,615,490	16,866,821	14,151,711	12,871,422	13,335,345	13,262,351	14,262,597
Net Additions/(Uses) of Funds	(2,430,190)	(2,383,669)	33,000	(748,669)	[illegible]	(1,280,289)	463,923	(72,994)	1,000,246
Total Reserves	10,650,626	13,490,624	13,569,127	11,607,996	11,821,148	12,041,845	12,270,490	12,996,802	13,256,902
Available Fund Balance	9,315,533	4,091,865	4,046,363	5,258,825	2,330,562	829,577	1,064,855	265,548	1,005,695
Total Reserves + Fund Balance	19,966,159	17,582,490	17,615,490	16,866,821	14,151,711	12,871,422	13,335,345	13,262,351	14,262,597

2011 Water Rate Alternatives Summary

ALTERNATIVE 2 - MINIMIZE FUND BALANCE

Assumptions:
- Same assumptions as Alternative 1 above, except for:
- This alternative takes Alternative 1 and tries to minimize the fund balances by using more of the available fund balances to mitigate water rate increases.

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water Rate	$804.0	$878.0	$896.0	$941.0	$997.0	$1,067.0	$1,136.0	$1,170.0	$1,193.0
Increase	16.2%	9.25%	2.00%	5.00%	6.00%	7.00%	6.50%	3.00%	2.00%
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
Beginning Fund Balance	22,396,349	19,966,159	17,206,128	16,464,338	15,242,743	12,777,750	12,608,456	14,191,358	14,122,844
Treated Water Revenue	30,022,419	35,390,492	35,585,066	38,117,607	41,027,699	44,421,778	47,312,050	49,286,992	50,851,151
Other Revenue	1,112,202	911,000	1,003,000	1,008,000	1,013,050	1,018,151	1,023,303	1,028,506	1,033,761
Total Sources	31,134,621	36,301,492	36,588,066	39,125,607	42,040,749	45,439,929	48,335,353	50,315,498	51,884,912
Operating Expenses	28,253,131	33,646,632	32,285,708	33,039,978	34,105,742	35,209,223	36,352,451	39,984,012	41,284,510
Transfer to Fund 72	5,311,680	5,414,891	5,044,148	7,307,224	10,400,000	10,400,000	10,400,000	10,400,000	10,400,000
Total Uses	33,564,811	39,061,523	37,329,856	40,347,202	44,505,742	45,609,223	46,752,451	50,384,012	51,684,510
Ending Fund Balance	19,966,159	17,206,128	16,464,338	15,242,743	12,777,750	12,608,456	14,191,358	14,122,844	14,323,246
Net Additions/(Uses) of Funds	(2,430,190)	(2,760,031)	(741,790)	(1,221,595)	(2,464,993)	(169,294)	1,582,902	(68,514)	200,402
Total Reserves	10,650,626	13,490,624	13,569,127	11,607,996	11,821,148	12,041,845	12,270,490	12,996,802	13,256,902
Available Fund Balance	9,315,533	3,715,503	2,895,211	3,634,747	956,601	566,611	1,920,868	1,126,041	1,066,344
Total Reserves + Fund Balance	19,966,159	17,206,128	16,464,338	15,242,743	12,777,750	12,608,456	14,191,358	14,122,844	14,323,246

ALTERNATIVE 3 - NO INCREASE IN 2011

Assumptions:
- Same assumptions as Alternative 1 and 2 above, except for:
- This alternative further reduces the calendar year 2011 increase rate to 0%

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water Rate	$804.0	878	878	953	1,034	1,081	1,119	1,158	1,196
Increase	16.2%	9.25%	0.00%	8.50%	8.50%	4.50%	3.50%	3.50%	3.25%
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
Beginning Fund Balance	22,396,349	19,966,159	15,451,850	14,543,483	14,231,871	12,816,342	12,644,011	13,626,792	13,343,372
Treated Water Revenue	30,022,419	33,636,214	35,418,489	39,027,590	42,077,163	44,418,741	46,711,929	49,072,086	50,977,442
Other Revenue	1,112,202	911,000	1,003,000	1,008,000	1,013,050	1,018,151	1,023,303	1,028,506	1,033,761
Total Sources	31,134,621	34,547,214	36,421,489	40,035,590	43,090,213	45,436,892	47,735,232	50,100,592	52,011,203
Operating Expenses	28,253,131	33,646,632	32,285,708	33,039,978	34,105,742	35,209,223	36,352,451	39,984,012	41,284,510
Transfer to Fund 72	5,311,680	5,414,891	5,044,148	7,307,224	10,400,000	10,400,000	10,400,000	10,400,000	10,400,000
Total Uses	33,564,811	39,061,523	37,329,856	40,347,202	44,505,742	45,609,223	46,752,451	50,384,012	51,684,510
Ending Fund Balance	19,966,159	15,451,850	14,543,483	14,231,871	12,816,342	12,644,011	13,626,792	13,343,372	13,670,065
Net Additions/(Uses) of Funds	(2,430,190)	(4,514,309)	(908,367)	(311,612)	(1,415,529)	(172,331)	982,781	(283,420)	326,693
Total Reserves	10,650,626	13,490,624	13,569,127	11,607,996	11,821,148	12,041,845	12,270,490	12,996,802	13,256,902
Available Fund Balance	9,315,533	1,961,225	974,356	2,623,875	995,193	602,166	1,356,302	346,569	413,163
Total Reserves + Fund Balance	19,966,159	15,451,850	14,543,483	14,231,871	12,816,342	12,644,011	13,626,792	13,343,372	13,670,065

LIVERMORE
CALIFORNIA

October 14, 2010

Board of Directors
Alameda County Flood Control and Water Conservation District, Zone 7
100 N. Canyons Parkway
Livermore CA 94551

Subject: Adoption of Treated Water Rates for Calendar Year 2011

Dear President Greci:

As you know, the Zone 7 Board of Directors will be asked to adopt treated water rates for calendar year 2011 at the October 20, 2010 Board Meeting. Based on information presented by Zone 7 staff at the August 25, 2010 Finance Committee meeting as well as the staff presentation and Board discussion at the September 15, 2010 Board Meeting, **the City of Livermore staff strongly supports Alternative 3, which includes a zero percent increase for 2011**.

I would like to commend Zone 7 staff and management for developing an alternative that includes no rate increase for 2011 in recognition of the historic economic conditions. Livermore normally supports the concept stated by some of the Zone 7 Directors at the September 15th meeting that more frequent, smaller rate increases are preferable to larger, more erratic increases. However, these are not normal economic times, and it seems essential that public agencies maintain the flexibility to adapt to the financial realities of the customer base during extreme conditions.

Also, while Alternative 3 projects that a larger 8% rate increase would be needed in 2012, it is highly likely that this projection will come down over time based on the past history. When Zone 7 adopted the treated water rate for 2010, the projected 2011 rate increase was approximately 9.5%; however since that time this projection was reduced to a range of 0 to 4 percent. Based on discussions at the August Finance Committee meeting and the increases cost-control Zone 7 has practiced over the past two years, Livermore staff is confident that Zone 7 will be able to achieve a 2012 rate increase closer to about 4% despite adopting no rate increase for 2011.

Thank you for the opportunity to comment.

Sincerely,

Darren Greenwood
Assistant Public Works Director

Cc: Jill Duerig, Zone 7 General Manager

a

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Adoption of the Delta Charge for 2011

WHEREAS, recent California Court decisions concerning State and Federal water operations in the Sacramento-San Joaquin Delta have resulted in potential water supply reductions impacts that may reduce water supplies by as much as 35% which will likely result in the need for water conservation measures; and

WHEREAS, reductions in water supply and water conservation resulting therefrom, will result in revenue shortfalls from decreased water sales; and

WHEREAS, to ensure sufficient revenue for Zone 7 to continue providing water supplies to the Tri-Valley area, it is necessary to supplement water sales revenue with the Delta Water Charge.

NOW THEREFORE BE IT RESOLVED that the Board of Directors hereby establishes the Delta Charge which will be in addition to the base water rate chargeable for all categories of delivered water.

BE IT FURTHER RESOLVED that the initial Delta Charge shall be an additional $23 per acre-foot for all categories of Zone 7's water rates.

BE IT FURTHER RESOLVED that said Delta charge for all water rates as adopted herein shall be effective from January 1, 2011 and shall end on the next effective date for such water rates as adopted by the Board.

BE IT FURTHER RESOLVED that the Board does hereby reserve the right to, by resolution, increase, decrease or eliminate this Delta Charge any time based on actual experience.

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 20, 2010

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 Rate for 2011

BE IT RESOLVED by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District that the following rate schedule for treated water service be adopted:

For service of treated water,

FIRST, a SERVICE CHARGE of $133.00 per month per metered service;

SECOND, a DELIVERY CHARGE per 100 cubic feet for all metered water delivered to each customer per month, which includes the Delta Charge as follows:

For the first 3,300 cubic feet -- $3.600
For the next 30,000 cubic feet -- $2.882
For the next 300,000 cubic feet --$2.298
For all over 333,300 cubic feet -- $2.016

BE IT FURTHER RESOLVED that said rate schedule for treated water service as adopted herein shall be effective on January 1, 2011 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 Alameda County Flood Control and Water Conservation District on

October 20, 2010

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 Recharge Fee Rate for 2011

WHEREAS, it is necessary to replenish the main groundwater basin when water is pumped in excess of a retailers Groundwater Pumping Quota or Independent Quota; and

WHEREAS, the full costs of providing water for replenishment for purposes of municipal and industrial use must be recovered; and

WHEREAS, the 2011 unit cost of replenishment water to achieve said full cost of recovery is $641/acre-foot, which includes the Delta charge;

NOW, THEREFORE, BE IT RESOLVED that the 2011 Recharge Fee shall be set at $641/acre-foot, effective on January 1, 2011 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 Alameda County Flood Control and Water Conservation District on

October 20, 2010

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 Temporary Treated Water Service Rate for 2011

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby adopt the following rate schedules for temporary water services:

For temporary treated water service:

a. An initial service establishment charge of $133.00 per turnout for each new direct connection to the Zone system.

b. A monthly meter service charge of $21.00 per turnout.

c. A charge of $3.60 per 100 cubic feet, which includes the Delta Charge for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

BE IT FURTHER RESOLVED that said rate schedules for temporary water service as adopted herein shall be effective on January 1, 2011 and shall end on the next effective date for such water rates as adopted by the Board, and

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 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 20, 2010

By ____________________________
President, Board of Directors

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ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Adoption of the Treated Water Rate Schedule for Private Fire System and Standby Service for 2011

BE IT RESOLVED by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District that the following treated water rate schedule for private fire system and standby service be adopted:

FIRST, a service charge of $133.00 per month for the connection.

SECOND, 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 three dollars and sixty eight cents ($3.68) per 100 cubic feet, which includes the additional Delta charge.

BE IT FURTHER RESOLVED that said rate schedule for private fire system and standby service as adopted herein shall be effective on January 1, 2011 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 Alameda County Flood Control and Water Conservation District on

October 20, 2010

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 In-Lieu Treated Water Rate for 2011

WHEREAS, Zone 7's Contract for Municipal and Industrial Water Supply allows establishing an In-Lieu Treated Water rate; and

WHEREAS, 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

WHEREAS, In-Lieu quantities will be limited to each contractor's GPQ plus any accumulated carry-over;

NOW, THEREFORE, BE IT RESOLVED that the Zone 7 Board hereby adopts an In-Lieu water rate for calendar year 2011, and authorizes the GM 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

BE IT FURTHER RESOLVED that the rate schedule for In-Lieu Treated Water is set at $98 per acre-foot of water effective January 1, 2011 and ending on the next effective date for such water rates as adopted by this 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 Alameda County Flood Control and Water Conservation District on

October 20, 2010

By____________________

President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING DIVISION: Finance and Business Services
CONTACT PERSON: JaVia Green/Tamara Baptista

AGENDA DATE: October 20, 2010 ITEM NO: 8

SUBJECT: **Untreated Water Rates for 2011**

SUMMARY:

For calendar year 2011:

- The proposed untreated water rate is $97/acre-foot (AF).
- The proposed temporary untreated water rate is $395/AF.
- The proposed non-scheduled untreated water rate is $395/AF.
- The proposed surplus untreated water rate is $209/AF.
- The proposed rates include an additional Delta charge of $23/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 $415,645 if the projected demand of 4,285 AF is realized.

RECOMMENDED ACTION:

Adopt the attached resolutions to:

a. Approve an untreated water rate for 2011 of $97/AF.
b. Approve a temporary untreated water rate for 2011 of $395/AF.
c. Approve a non-scheduled untreated water rate for 2011 of $395/AF.
d. Approve a surplus untreated water rate for 2011 of $209/AF.

MEMORANDUM

DATE: October 20, 2010
TO: Jill Duerig, General Manager
FROM: JaVia Green, Staff Analyst
Tamara Baptista, Financial & Systems Services Manager
SUBJECT: Untreated Water Rate Schedules for 2011

SUMMARY:

For calendar year 2011, staff proposes the following:
- The proposed untreated water rate is $97/acre-foot (AF).
- The proposed temporary untreated water rate is $395/AF.
- The proposed non-scheduled untreated water rate is $395/AF.
- The proposed surplus untreated water rate is $209/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. The proposed rate of $97 per AF, which includes a $23/AF Bay-Delta charge, represents a decrease of approximately 43% compared to the current rate. The decrease is primarily due to a reduction in the Department of Water Resources (DWR) fixed costs, lower per unit estimates by DWR for the cost of transporting water because of a credit of $704,000 applicable to both treated and untreated customers, a reduction in the Bay-Delta Water charge and lower Zone 7 administrative costs. In order to encourage more accurate delivery requests, the charge of $50/AF for scheduled but unused approved volume remains unchanged from 2010.

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 rate for temporary untreated water would be $395/AF or $1.21 per 1,000 gallons. The use of these services is limited.

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 rate for non-scheduled untreated water would be $395/AF.

Surplus Untreated – Surplus water deliveries are available only in years when the supplies exceed our customer's 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 2011 be maintained at the Byron-Bethany Irrigation District water transfer cost, the cost of transporting water, and the Bay-Delta charge, $23 per acre-foot. The effective rate would be $209 per acre-foot.

RECOMMENDED ACTION:

Adopt the attached resolutions as follows:

a. Approving an untreated water rate for 2011 of $97/AF.
b. Approving a temporary untreated water rate for 2011 of $395/AF.
c. Approving a non-scheduled untreated water rate for 2011 of $395/AF.
d. Approving a surplus untreated water rate for 2011 of $209/AF.

Zone 7 Water Agency
Untreated Water Rate
Calculations for 2011

1) Volume of Treated and Untreated Water to be Delivered to Contractors (in AF) **42,301**

Water Costs	Dollar Amt	per AF
2. Byron Bethany Irrigation District (BBID) Costs	$681,350	$16.11
3. Yuba Dry Year Water Purchase Program	$40,000	$0.95
4. Del Valle Water Rights	$3,000	$0.07
5. Unit Fixed Cost (2+3+4) ÷ (1)	$724,350	$17.13
6. SWP Transportation Variable Unit Cost	$2,092,003	$49.46
7. Subtotal Unit Cost (5+6)	$2,816,353	$66.59
8. Zone 7 Administrative costs ($133,063 ÷ 38,016AF + $15,342 ÷ 4,285 AF)	$299,514	$7.08
9. Delta Charge	$968,452	$23.00
10. Total Unit Cost (6+7+8 rounded to nearest dollar)	$4,103,182	$97

Zone Water Agency
Temporary Untreated Water Rate
Calculation for 2011

1. Volume of Treated & Untreated Water estimated to be delivered to Contractors	42,301
2. Amount Available from Del Valle Reservoir	0 AF
3. Net Volume of Treated & Untreated Water estimated to be delivered	42301 AF
Estimated Expenses	***Amount***
4. a) State Water Supply	$12,297,250
b) Off-Aqueduct Power Facilities	$703,890
c) Variable Transportation Water Charges	$1,734,000
d) Byron Bethany Irrigation District (BBID) Costs	$681,350
5. Total Expenses	$15,416,490
6. Unit Cost per AF(5 ÷ 3)	$364.45
7. Zone 7 Administrative costs per AF	$7.08
8. Delta Charge per AF	$23.00
9. Total Unit Cost with Delta Charge (6+7+8) in $ per AF	$394.53 $395.00
Or in $ per 1,000 gallons	$1.21

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Adoption of the Untreated Water Rate for 2011

BE IT RESOLVED by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District that the following rate schedule for untreated water service be adopted:

FIRST, a SERVICE CHARGE of $24.00 per month per metered service;

SECOND, a DELIVERY CHARGE per acre-foot for all metered water delivered to each customer per month for the following use classifications, which includes the additional Bay-Delta Charge:

A.	Agricultural Use	- $97
B.	Public Recreational and Landscaping Use	- $97
C.	All Other Uses	- $97

THIRD, a charge of $50 per acre-foot for all water scheduled but unused in each customer's approved delivery schedule for that year.

BE IT FURTHER RESOLVED that said rate schedule for untreated water service as adopted herein shall be effective on January 1, 2011 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 Alameda County Flood Control and Water Conservation District on

October 20, 2010 ____________________

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 Temporary Untreated Water Rate for 2011

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby adopt the following rate schedules for temporary water services:

For temporary untreated water service:

a. 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.

b. A monthly service charge of $21.00 per turnout.

c. A charge of $1.21 per 1000 gallons, 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.

BE IT FURTHER RESOLVED that said rate schedules for temporary water service as adopted herein shall be effective on January 1, 2011 and shall end on the next effective date for such water rates as adopted by the Board, and

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 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 20, 2010 ______________________

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 Non-Scheduled Untreated Water Rate for 2011

BE IT RESOLVED by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District that the following rate schedule for non-scheduled untreated water service be adopted;

> A delivery charge of $395 per acre-foot for all non-scheduled untreated water delivered to each customer which includes the additional Bay-Delta charge;

BE IT FURTHER RESOLVED that said rate schedule for non-scheduled untreated water service as adopted herein shall be effective on January 1, 2011 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 Alameda County Flood Control and Water Conservation District on

October 20, 2010 ____________________

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 Surplus Untreated Water Rate for 2011

BE IT RESOLVED by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District that the following rate schedule for surplus untreated water service be adopted;

A delivery charge of $209 per acre-foot for all surplus water delivered to each customer which includes the additional Bay-Delta charge.

BE IT FURTHER RESOLVED that said rate schedule for surplus untreated water service as adopted herein shall be effective on January 1, 2011 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 Alameda County Flood Control and Water Conservation District on

October 20, 2010

By______________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION: FINANCIAL AND SYSTEM SERVICES/WATER SUPPLY ENGINEERING
CONTACT: JAVIA GREEN/JARNAIL CHAHAL

AGENDA DATE: October 20, 2010 ITEM NO. 9

SUBJECT: Proposed 2011 Development Impact Fee - Municipal & Industrial Water Connection Fee

SUMMARY:

- Zone 7 established the Municipal & Industrial (M&I) Connection Fee Program in 1972 to assess water connection fees to 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 (ENRCCI), or as warranted to keep current with inflation. Pending completion of the Water System Master Plan, an evaluation of the connection fee program will be performed.

- Staff recommends adjusting the current Water Connection Fee by 3.2%, which is the change in the 20-City ENRCCI from September 2009 to September 2010. The resultant 2011 water connection fees would be as shown in the following chart:

M&I Connection Fee	2010 Basic Connection Fee	Proposed 2011 Basic Connection Fee
Zone 7	$21,550	$22,230
Dougherty Valley	$19,950	$20,580

FUNDING:

Water connection fee revenue accrues to Fund 73 – Expansion.

RECOMMENDED ACTION:

Adopt the attached resolution on the 2011 M&I Water Connection Fees for the Zone 7 and Dougherty Valley service areas.

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, 2011

WHEREAS, a Water Connection Fee Program for Zone 7 of Alameda County Flood Control and Water Conservation District 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 Ordinance provides that the water connection fee is subject to periodic review and modification at the discretion of the Board of Directors of Zone 7; 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.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby amend the basic fee for a standard 5/8-inch meter, as specified in said Ordinance, within the Zone 7 service area to $22,230 and $20,580 within the Dougherty Valley Service Area.

BE IT FURTHER RESOLVED that said basic fee as amended herein shall become effective January 1, 2011, 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 20, 2010

By____________________
President, Board of Directors

10a

Delta Committee:

Summary Notes and Minutes

Meeting Date:	September 29, 2010	**Start Time:**	4:00 p.m.
Directors Present:	J. Greci S. Palmer B. Stevens	**Zone 7 Staff Present:**	J. Duerig B. Ledesma J. Chahal *(notes)*

1. **Public Comment on Items Not on the Agenda**

   Members of the public did not provide comments.

2. **Water System Master Plan – Status Update**

   a. **Arroyo Valle Water Rights – update on Petition for Extension of Time**

Staff gave a presentation to the Delta Committee (Committee) outlining the status of the Water System Master Plan (WSMP) and Zone 7's petition for extension of time for its water right permit on Arroyo del Valle (Petition). During the presentation, Staff told the Committee that Staff would complete the WSMP by March 2011 instead of December 2010, and that the delay reflected reallocation of resources to address four protests filed against the Petition – the protests required responses within tight deadlines established by the State Water Resources Control Board. Staff also said that during the months of August and September, they solicited feedback from the Retailers regarding various shortages and frequencies they would like analyzed as part of the WSMP.

<u>Discussion on the Arroyo del Valle Water Rights Petition for Extension of Time</u>

The Committee asked who filed the protests, the reason for the protests, the attitude of the protestors toward Zone 7, and the implications to Zone 7.

Staff responded that Alameda County Water District (ACWD), San Francisco Public Utilities Commission (SFPUC), and the Department of Fish and Game (DFG) filed three of the protests, and that Alameda Creek Alliance (ACA), California Water Impact Network (C-WIN), California Sportsfishing Protection Alliance (CSPA), and AquAlliance (AA) filed a fourth, joint protest. Staff also indicated that the reasons for the protests reflected concern that the project described in the Petition might potentially impact the environment or downstream, more senior water rights. Staff told the Committee that they had already met with DFG, ACWD, and the joint protestors (ACA, C-WIN, CSPA, AA) on 8/25, 9/14, and 9/23, respectively, and that Staff plans to meet with SFPUC in the next few weeks – the relationship with all of the protestors is very good and of a cooperative nature. Staff said it expects that Zone 7 will need to complete an Environmental Study and Water Analysis in support of the Petition, and would work with the protestors through the development of both efforts.

Staff also indicated that Zone 7's request for a 30-year extension of time is based on the best information currently available as to when the Chain of Lakes will come under its control. The Chain of Lakes, particularly, Lakes A and B, are vital to completing the project described in the Petition, and Zone 7 has little to no control over their eventual completion. Staff also said that once the Chain of Lakes is available, Zone 7 projects that it can increase its long-term average yield by approximately 3,800 acre-feet.

Discussion of Potential Water Supply Options

Staff presented copies of the water supply options tables previously provided during the Board of Directors meeting on July 21, 2010. Staff described the organization of the tables, and then discussed potential water transfer ideas, including potential new supplies associated with the recent merger of Byron Bethany Irrigation District and Plain View Water District.

3. 2010 Urban Water Management Plan Update

Staff gave a presentation to the Committee outlining the purpose, status, and schedule of the Urban Water Management Plan (UWMP), and provided a summary of key changes from the 2005 UWMP. As part of the presentation, Staff also said that they provided a preliminary draft version of the UWMP to the Retailers for technical review on September 21, 2010, and they expected comments from the Retailers by mid-October.

Staff also said that, even though recent legislation passed by the Governor extended the UWMP deadline for water supply wholesalers to July 1, 2011, they were still going to try to complete the UWMP by December 31, 2010. As with past UWMP, Staff is attempting to obtain UWMP approval from the Department of Water Resources (DWR) before the Board adopts it. Staying on the expedited schedule allows Zone 7 to work closely with DWR to integrate new guidelines, including SBX7-7, and be first in line for review.

4. Adjournment

Meeting was adjourned at 4:55 p.m.

12a

10/ 20 /10 Board Written/narrative Comments By Dick Quigley

Recent activity and involvement worth sharing.

Thursday Friday 9 /9 &10 Attended the Elected official's conference hosted by Dr Bill Mathis in Napa. Lou Tice presentation Friday for team building towards "excellence" was superb! Tice has motivated Heisman trophy winners, champion football programs, NASA, and many others on how to strategically plan for exceptional performance, achieve it and measure it.
I served on a panel "Best Practices for High Performance Boards" with Kathy Tiegs, Board member of Cucamonga Valley Water District.

I shared:

- **Establish goals, make them SMART (Specific, Measurable, Attainable, Realistic, and Timely), then track their progress**
- **Be prepared** for board and committee meetings (arrive early)
- **Be available** ; our greatest gift is sharing our knowledge, experience, and inspiration to build their confidence in our leadership potential
- **Set the standard** for "board members of **excellence**" mentor good ones and ***set the bar higher.***

Wednesday 9/16 Attended Alameda County Chapter CSDA at DSRSD waste treatment plant, Pleasanton. Well attended and facility tour of green energy very interesting. Many ACSD board members and or GM's in attendance.

Monday 9/20 –Thursday 9/23 Attended the California Special Districts Assoc. Annual meeting.

Monday 9/20 While at CSDA, toured Orange County Sanitation District www.ocsd.com and Orange County Water District (next door) see: www.ocwd.com.

They recycled 70 mgd on 2008 $400 million state-of-the-art facility, which is reported to be the largest of its kind in the U.S. and one of the largest in the world (and still under construction). They are right next to the Santa Ana River and process big time quantities. We all drank at the end of the RO process. We could learn a lesson for our Valley out flow 80% of which we import! Wonderful success story for a Ground Water Replenishment System through partnership.

Tuesday 9/21 Opening keynote; "At the Heart of Leadership" by Tom Flick, former NFL quarterback. The catalyst for sustained high-level performance is leadership from top to bottom. At the heart of leadership presents the core drives for the next transformation of business. You must set goals to advance the ball toward and over the goal line through team execution. Team Goal setting is crucial. Tom was great speaker with a timely message.

Attended an Expert Panel: "Why the Delta Matters to Your District- An Update on Major Water Issues, Legislation &the Statewide Bond." The Delta issue is getting the attention of CSDA, which is positive for a fix.

<u>Wednesday 9/22</u>: Attended a Super Session entitled "Leadership for a Reenergized Workforce" by Dick Ruhe, Ph.D. We learned why good performers take so long to provide effective leadership. Leaders know how to preserve the organization's values while changing the way it operates. It is important to retrain and redeploy the workforce in order to merge organizational objectives with the goals of individuals. Both leadership and management have their places in capitalizing on the talents of people at all levels. It is important to be both visionary and practical as leaders move forward toward strategic goals and mission excellence.

Attended an interesting breakout session on "Using Social Media as an Outreach Tool in Your District." Message marketing strategy we should be aware of, Twitter, Facebook, web sites.

Attended another Super Session entitled "The Gold Medal Process" presented by Jim Naber, Olympic Gold Medal swimming champion, sports broadcaster, and author. John explained his views on how to go for the gold and what it takes along the way. He suggested an eight-step process which, if followed religiously, can put individuals and teams at the forefront for achieving excellence and bringing home the gold. He suggested Olympic analogies could help anyone reach their own personal and professional goals. His Gold Medal Process? * Dream (Feelings Count) *Faith/Attitude (Why Not?) * Concrete Goal (Measurable) *Strategy/Plan (Linked to Time) * Short Term Steps (Progress Report) * Hard Work (No Deposit: No Return) * Will Power (Over coming Obstacles) * Courage (Performance Under Pressure).

The CSDA annual conference exhibitors showcased more than 50 booths of professional service companies, including water, energy, finance, engineering and consulting.

Thursday sessions included getting a Legislative update from CSDA Sacramento expert Ralph Heim, on current information on issues facing special districts. I also attended a session on "How To Advocate at the State Capitol."

The networking and learning opportunity at CSDA was amazing and I am grateful to have been allowed to carry the Zone 7 Flag. EBMUD, CCWD, DSRSD, HARD, LARPD, ACWD, EBRPD were a few of the many special districts I got to visit with on common issues.

<u>Tuesday 10/5</u> Attended the Tri-Valley Mayors' summit in Pleasanton. Five Mayors (Danville, Dublin, Livermore, Pleasanton, and San Ramon) moderated by Tim Hunt. About 15 other area elected were in the large audience at the Palm Center.

I have significantly more material and some pictures on much of the material shared in this brief report.

If there are any questions on this report please give me a call.

Thanks!
Dick Quigley

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: October 20, 2010

ITEM NO. 13a

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 GM contracts executed during the month.

Operations and Maintenance:

- On September 22nd, smoke came out of the Patterson Pass Ultra-Filtration (UF) plant control room. A 9-1-1 call was placed. It was determined that a heat pump on the roof was blowing smoke into the control room and that there was no actual fire. After the heat pump was secured, the plant was placed back into production.

- Both conventional water treatment plants continued to feed powdered activated carbon (PAC) for control of algal tastes and odors throughout the month.

- In-house electricians have been installing a number of Light Emitting Diode (LED) lamps in existing fluorescent fixtures in the Del Valle Water Treatment Plant (DVWTP) control room and outside at Parkside as a pilot test possibly leading to a more comprehensive upgrade in the future. While LEDs save roughly the same amount of energy as fluorescent bulbs, the LEDs are much easier to replace than an upgraded fluorescent light without the need for ballast. While the cost of LED lamps are more expensive, retrofit parts and installation is much quicker; they use the same fixtures; disposal is easier (and more "green" since there's no mercury involved); and the life-time cost could be significantly lower.

Environmental & External Affairs:

- The Central Valley Regional Board issued a tentative permit renewal for Sacramento Regional County Sanitation District. The draft permit is much more stringent than the existing permit, requiring significant reductions in ammonia discharges. If adopted, this is a big "win" for the Delta ecosystem, although it could significantly add to the costs of wastewater services for the people of Sacramento.

- The Fall 2010 edition of the Waterways newsletter, focusing on water-supply reliability issues relating to the Delta and also providing a discussion of water rates, was mailed to customers in September.

Engineering and Flood Control:

- Two five-foot diameter sinkholes were found along the Arroyo Mocho flood control maintenance roadway east of the Highway 84 bridge during a routine facility inspection. A City of Livermore-owned sanitary sewer main runs within this roadway section. Staff met with City staff to assess the issue which may have been caused by a combination of gopher activity and consolidation of the trench backfill material. The City cooperated with Zone 7 to complete the repair in a timely manner.

- The Del Valle Branch Pipeline has now resumed full operation (including surge tank operation). DWR's contractor is still finishing up some paving. In January, DWR plans to inspect the integrity of other Prestressed Concrete Cylinder Pipe (PCCP) near the Del Valle Pumping Plant. DWR will not be ready to encase the remaining welded joint PCCP during January 2011 as previously scheduled due to permitting delays.

Finance & Administration

- Received two outstanding payments from DWR during September for invoices billed under the BDCP Cost Share agreement. The accounts receivable balance for DWR is now approximately $1.1 million (down from $3 million).

- Zone 7 is saving money on energy costs by participating in PG&E's Peak-Day-Pricing (PDP) Program. At Patterson Pass Water Treatment Plant (PPWTP), a 5% reduction in energy has been realized this summer compared to last year. An additional 5% has been realized by Operations by shifting some in-plant load (such as On-Site Generation of hypochlorite/OSG) to off-peak hours. To date, seven of our major accounts have been enrolled in the program. The estimated savings this year are ~$35k for PDP participation.

- The Special District and Local Government Institute recently emphasized the importance of maintaining adequate reserves in currently uncertain economic times; the implications of "GASB 34" (Statement No. 34 of the Governmental Accounting Standards Board) on infrastructure maintenance, particularly in light of the San Bruno PG&E incident; and the need for maintaining financial oversight and controls.

Monthly List of GM Contracts

September 2010

Contracts:

Blaine Tech Services, Inc.	$19,000
Liebert Cassidy Whitmore	50,000
Total September 2010	**$69,000**

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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ORIGINATING SECTION: OFFICE OF THE GENERAL MANAGER
CONTACT: BONI BREWER

AGENDA DATE: October 20, 2010 ITEM NO. 13b

SUBJECT: Recent/Future Public Outreach Activities & Schools Program Update

Recent Public Outreach Activities

California Coastal Cleanup, Sept. 25
Zone 7 provided publicity and other assistance for Coastal Cleanup Day in Pleasanton and Dublin, where dozens of volunteers in each city collected a total of about 280 pounds of trash (for a total 560 pounds) plus 53 tires from along local creeks. In addition to preventing pollution in streams that drain to the Bay and coast, the annual cleanup at the end of summer helps make sure that local waterways are ready to handle flows for the upcoming season's storms. The City of Dublin had participated in Coastal Cleanup Day for the first time this year. The City of Pleasanton reported a significant reduction in trash collected this year, attributing the change to a combination of factors. For one thing, Pleasanton has participated in Coastal Cleanup for 13 years, so past accumulations have previously been cleared. In addition, CalTrans has been more diligent in cleaning up debris along Interstate 680 that can end up in the adjacent creeks. And, most importantly, the public is more aware and more conscientious about not littering.

Home & Garden Show, Oct. 1-3
Zone 7 had an informational booth on water conservation, water-wise gardening and water-pollution management at the 24th annual Alameda County Home and Garden Show held at the Alameda County Fairgrounds.

Future Public Outreach Activities

Pleasanton Green Scene, Oct. 21
Zone 7 will share a booth with the City of Pleasanton at this event, designed to promote going green and healthy living to Hacienda Business Park's 17,000-plus employees and residents, and to the public at-large. We will distribute information on such things as water conservation and storm-water pollution prevention. The fair will be held from 10:30 a.m. to 1:30 p.m. at the CarrAmerica Conference Center, 4400 Rosewood Drive.

Zone 7 Schools Program Update

Zone 7's 2010-11 Water Science in the Schools program was successfully launched in September. By early October, we had booked nearly 250 classroom presentations. Our goal is to do 350 presentations this year and we are reaching out to targeted schools and grade levels that have not previously taken advantage of the program to fill the remaining 100 available spots. You might recall that for the 2009-10 school year, the number of classroom presentations had more than doubled to 343 involving a total 8,250 students. This was due largely to vastly increased administrative efficiencies. Teacher response was overwhelmingly positive.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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ORIGINATING SECTION: Administration
CONTACT: Jill Duerig/Tim Hunt

AGENDA DATE: October 20, 2010.

ITEM NO. 13c

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.
- Staff, with recommendations of the agency's lobbying firm, determines a number of bills of interest to Zone 7 for the legislative session. Of particular interest to Zone 7 are bills regarding specific water issues, such as those related to the Delta.
- The two-year legislative session closed August 31st. The governor had until September 30th to sign or veto bills that came to his desk.
- Zone 7 supported and the governor signed AB 1929 (Quagga Mussels) to provide a safe harbor for water agencies that use best practices and still wind up with the mussels. Assembly Joint Resolution 38 (Two-Gates Fish Protection Demonstration Project) urging the Dept. of Interior to prioritize the study of the project passed both houses.
- Governor also signed SB 918 (Pavley) that requires the Department of Public Health to establish statewide standards for use of recycled water. He vetoed SB 1173 (Wolk), writing that it was premature until the statewide recycled water standards are in place.
- Governor also vetoed AB 2304 (Huffman) that would have required water agencies to map areas significant for groundwater recharge; SB 1334 (Wolk) that would have required local land use agencies be involved in the development of Natural Habitat Conservation Plans.
- Nine bills were introduced after the Bell public employee pay scandal in the Southern California City of Bell. Three of these bills reached the governor's desk and were all vetoed. Only AB 900 became law; it requires property taxes collected in excess of the maximum allowable amount to be repaid by Bell to Los Angeles County and refunds sent to taxpayers.
- 100 days after the start of the fiscal year, both the Assembly and the Senate passed the state budget totaling $86.6 billion in expenditures. The governor signed the bills after cutting $963 million to increase the reserve fund to $1.3 billion. The budget plan relies on optimistic revenue assumptions as well as substantial federal aid. It does not address the continuing structural imbalance between revenues and expenditures.

FUNDING: No funding necessary.

RECOMMENDED ACTION: Information only.

ATTACHMENT: Executive Summary of tracked bills

The Gualco Group, Inc.

EXECUTIVE SUMMARY
State Legislation

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

Bill	TOPIC	SYNOPSIS	ZONE 7 STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
Delta Stewardship Council				
AB 2092	Fees: Delta Stewardship Council	As amended on August 18 would have required the Delta Stewardship Council to, by January 1, 2013, develop a plan to finance the long-term costs of implementing the Delta Plan, including "an analysis and description of the basis for allocating program and project costs among private and public entities." The plan must "identify and evaluate, pursuant to the beneficiary pays principle, the benefits to, and negative impacts caused by all entities , including urban and agricultural water users "diverting water from the Delta for use outside of the Delta," including, but not limited to, the state and federal water contractors. "The finance plan shall recognize that mitigation costs for projects included in the Delta Plan are the responsibility of the project beneficiaries." The bill prohibits the council from adopting new fees unless and until the Legislature enacts a statute that authorizes them to do so	Watch	AB 2092 failed passage in the Senate by a vote of 16-21 on the last night of the Legislature's 2009-2010 Regular Session.
AB 2336	Striped Bass/ Invasive Species	As amended on May 17, AB 2336 (Fuller) would declare it is the intent of the Legislature that the Delta Stewardship Council consider for inclusion in its final Delta Plan identification of effective and scientifically justified measures to reduce or eliminate the impact of other significant stressors on California's native fish population. The bill requires the Delta Stewardship Council to direct the Delta Independent Science Board to conduct an assessment of other stressors, including impacts of invasive species and non-native species, water quality impairments, and predation on native species	CO-SPONSOR and SUPPORT: Signatory to a coalition letter in support of the bill	The Senate Natural Resources and Water Committee voted to hold the bill in their committee on June 29.
SB 1450	Delta Stewardship Council: Contracts	As amended on August 16, SB 1450 would allow the Delta Stewardship Council to use competitive and streamlined processes to hire either consultant services or architectural and engineering services. States that those contracts will be for the purposes of: A. Preparing the Delta Plan and associated environmental review. B. Performing its responsibilities, or the responsibilities of the Delta Independent Science Board, with regard to the BDCP. C. Determining the consistency of state and local public agency actions with the Delta Plan. D. Performing scientific review to inform water and environmental decision-making in the Sacramento-San Joaquin Delta Estuary (Delta).	Watch	Signed into law by Governor Schwarzenegger on September 27, 2010. (Chapter 336, Statutes of 2010)

Water Conservation, Supply & Delivery

Bill	TOPIC	SYNOPSIS	ZONE 7 STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
SB 991	Water Supply	As amended on August 20, SB 991 would have appropriated $30 million from the Disaster Preparedness and Flood Prevention Bond Fund of 2006 (Proposition 1E) to DWR for flood protection projects that do either or both of the following: A. Improve the sustainability of the Sacramento-San Joaquin Delta (Delta), including, but not limited to, projects that reduce the risk of levee failure that would jeopardize water conveyance. B. Implement flood management actions in the Delta before the adoption of the Central Valley Flood Protection Plan, as part of a multi-benefit project that complements activities to be developed under the Central Valley Flood Protection Plan.	Watch	Vetoed by Governor Schwarzenegger on September 30, 2010
AB 1886	Delta	As amended on March 17, AB 1886 requires DWR, as part of its next update of the California Water Plan, to include a report on progress towards meeting the state's goal of reducing reliance on the Delta	Watch	Died on the Assembly Appropriations Committee's Suspense File on May 27
AB 1929	Quagga Mussels	As introduced on February 17, and after finding that up to forty thousand quagga mussels can colonize within one square meter, but "that implementation of the available measures to control mussel infestations and prevent the spread of the mussels to new water bodies is the most that can reasonably be required of water supply agencies", AB 1929 would amend existing law to permit Fish and Game to inspect their water supply systems and would not subject suppliers to liability IF the supplier is in full compliance with a plan to control and eradicate mussels	SUPPORT: Zone 7 letter dated March 10 was sent to the author	Signed into law by Governor Schwarzenegger on August 18, 2010. (Chapter 152, Statutes of 2010)
AB 2049	Water Delivery	As amended on May 28 AB 2049 would have prohibited the State Water Resources Control Board (SWRCB) or the Department of Water Resources (DWR) from approving a transfer of surface water or water rights from agricultural use to municipal use for a period of twenty years or more unless certain criteria were met.	OPPOSE	Defeated on the Assembly floor by a vote of 35 -33. The bill needed 41 votes to pass. AB 2049 is dead. COMMENTS: Please note the comments on AB 2776
SB 1469	State Water Project	This bill would have added Section 189 to the Water Code to require the SWRCB, by January 1, 2012, to: (1) Identify all parties that both benefit from waters originating in the Delta watershed, and whose activities impact it; and (2) Develop a process for determining the degree of responsibility attributable to the identified parties for physical and environmental impacts on the Delta; would add Section 10014 to the Water Code to require DWR, as a part of their next update of the CA. Water Plan (December 31, 2013), and every five years thereafter, to identify the infrastructure needs for the state, estimate the expected costs, propose a beneficiary pays policy, propose a "financing strategy for funding responsibilities proposed to be assigned to the state," and "identify all relevant assumptions" associated with the mandates of this section.	Watch	Died on the Senate Appropriations Committee's "Suspense File" on May 27.
AB 2776	Water Transfers	Would have prohibited the SWRCB or DWR from approving any transfer of surface water or water rights lasting 20 or more years, including transfers of SWP contract rights, from agricultural use to municipal use.	OPPOSE	Failed passage in the Senate Committee on Appropriations.

Bill	TOPIC	SYNOPSIS	ZONE 7 STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
Water Diversion and Use				
SB 565	Water resources	SB 565 would authorize the SWRCB, In fulfilling their statutory responsibilities, to order any users of water to submit "any technical or monitoring report related to the diversion or use of water" and conduct Inspections to ascertain compliance, would increase the penalties for trespass, and a violation of a cease and desist order, but the increase in the amount of penalties would "not apply to violations that occurred prior to January 1, 2011, would create a rebuttable presumption that no use of water occurred UNLESS that use is "included in a statement submitted to any reporting or monitoring requirement established under any permit, license etc., and the statement Is submitted within six months after it is required to be filed with the board," would authorize the SWRCB to impose an additional liability In the amount of 150 percent of any fees that have not been paid for material misstatements In a statement of diversion and use, established the Water Rights Protection Subaccount in the Water Rights Fund and declares that the moneys in this subaccount are available, upon appropriation by the Legislature, "to reduce fee	Watch	At the request of Senator Pavley, Assembly Member Calderon placed her bill on the Assembly's "Inactive File"
SB 1234	Water Use	As introduced on February 19, AB 1234 would new Section 188.7 to the Water Code to require the SWRCB, by January 1, 2012, to adopt regulations to identify unreasonable uses of water during shortages in water supply amounting to 10, 20 and 30 percent	Watch	The first hearing on this bill was set, and Senator Kehoe canceled it
Groundwater				
AB 2304	Groundwater	As amended on August 12, AB 2304 requires a local agency that develops a groundwater management plan and drafts a resolution to adopt a plan to provide a copy of a resolution of Intention to the DWR within 30 days of the date of adoption; Requires the local agency, upon written request, to provide a copy of the proposed groundwater management plan to an interested person; Requires the local agency to provide each of those interested persons with a specified notice at least 30 days prior to the commencement of the 2nd hearing to determine whether to adopt the plan; Requires DWR to post on its Internet Web site the Information DWR possesses regarding the local agencies that have jurisdiction to develop groundwater management plans; Specifies that the groundwater projects to which these requirements apply include projects that are part of an Integrated regional water management program or plan; Requires, commencing January 1, 2012, a map identifying the recharge areas, as defined, for the groundwater basin to be included In a groundwater management plan for purposes of the state funding requirements.	Watch	Vetoed by Governor Schwarzenegger on September 30, 2010
Water Recycling				

Bill	TOPIC	SYNOPSIS	ZONE 7 STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
SB 918	Water recycling	Requires the DPH to adopt uniform water recycling criteria for indirect potable use for groundwater recharge, by December 31, 2013 and to adopt uniform water recycling criteria for surface water augmentation by December 31, 2016. Criteria are to be developed using an expert panel made up of members with specified expertise; include at least six members with following experts: Toxicologist, Engineer with at least three years of experience in wastewater treatment, Engineer with at least three years experience in treatment of drinking water supplies and knowledge of drinking water standards, Epidemiologist, Microbiologist, and Chemist.	Watch	Signed into law by Governor Schwarzenegger on September 30, 2010. (Chapter 700, Statutes of 2010)
SB 1173	Recycled Water	Would have conditionally prohibited the use of raw water for nonpotable use if recycled water is available. Specifically, this bill included: 1) Defines "raw water" as untreated surface water or groundwater. 2) Expands, to include the use of raw water for nonpotable use, the existing declaration that the use of potable domestic water for nonpotable use is a waste or unreasonable use if recycled water is available. 3) Adds "reliability" to the criteria by which the State Water Resources Control Board (SWRCB) determines the availability of recycled water.	Watch	Vetoed by Governor Schwarzenegger on September 29, 2010
Water Quality				
AB 2583	Water Quality	As introduced on February 19, AB 2583 would add a new Section 13003 to the Water Code to require water agencies, and their direct suppliers, "utilize raw material chemical products derived from Inherently Safer Technology or inherently safer production measures where the products derived from safer measures or technology are appropriate given the disinfection methodology used by the water agency, and are commercially available without being materially cost prohibitive to the water utilities or rate payers"	Watch	Died on the Assembly Appropriations Committee's Suspense File on May 27
Two-Gates Protection Demonstration Project				
AJR 38	Two-Gates Protection Demonstration Project	AJR 38 was amended for the fourth time on May 24 to add 51 Assembly Members as coauthors of the measure. AJR 38 would request the U.S. Department of the Interior to prioritize completion of its study of the Two-Gates Fish Protection Demonstration Project in the Sacramento-San Joaquin Delta	SUPPORT: Zone 7 letter dated May 10 was sent to the joint authors of the measure	Signed into law by Governor Schwarzenegger on September 07, 2010. (Chapter 121, Statutes of 2010)
CESA				
AB 2420	CESA	As amended on March 24, would amend Fish and Game Code section 2080.1 to require a biological opinion be obtained along with the currently required incidental take statement, OR the obtaining of a conservation plan along with the currently required incidental take permit to take an endangered, threatened, or candidate species	Watch	Withdrawn by author
Delta Levee Maintenance				
SB 808	Delta levee maintenance	As amended on January 25, 2010 SB 808 would declare the intent of the Legislature to reimburse local agencies for costs incurred to maintain and/or improve project or non-project levees in the Delta until July 1, 2013 in an amount not to exceed 75% of the costs in excess of one thousand dollars per levee mile and, thereafter, in an amount not to exceed 50% of those costs. Reimbursements made pursuant to this law must be consistent with the priorities of the Delta Plan	Watch	SIGNED by Governor Schwarzenegger on June 3 (Chapter 23, Statutes of 2010)
Peripheral Canal				

Bill	TOPIC	SYNOPSIS	ZONE 7 STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
AB 1594	Sacramento-San Joaquin Delta: peripheral canal	AB 1594 would have prohibited the construction of a peripheral canal, as defined, unless expressly authorized by the Legislature, basically reversing many of the aspects of the comprehensive water package passed last year	OPPOSE: Zone 7 letter dated February 7 was sent to the author	"Died" in the Assembly Committee on Water, Parks and Wildlife
AB 1797	Delta Corridors Plan	As amended on April 7, AB 1797 would have added a new Section to the Water Code to require DWR to fast-track a study of "a through-Delta conveyance plan referred to as the Delta Corridors Plan" as that plan is "described in [the] Proposal to Reconnect the San Joaquin River to the Estuary, dated March 23, 2007". As a part of this study, the April 7 amendments require DWR to "consult" with Fish and Game "to study the potential environmental and ecological impacts and benefits of the Delta Corridors Plan, including issues of water quality and include an evaluation of ways the Two-Gates Project can be incorporated into the Plan"	Watch	Died on the Assembly Appropriations Committee's Suspense File
SB 1334	Natural Community Conservation Plans	As amended on May 10, SB 1334 would have required DF&G, in finding that a NCCP has been developed consistent with a planning agreement, to make a finding that it has cooperated with a local agency that has land use permit authority over the activities proposed to be addressed in a NCCP.	Watch	Vetoed by Governor Schwarzenegger on September 29, 2010

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig/John Yue/Tom Hughes

AGENDA DATE: October 20, 2010 **ITEM NO.** 13d

SUBJECT: STATUS REPORT ON SEPARATION EFFORTS

SUMMARY: The last month has been busy with both staff-level and elected-level meetings with the Local Area Formation Commission (LAFCo). These meetings have been focused on sharing background information about Zone 7's interests in separating from the County and what has been done to date in that effort. The following highlights a few additional key activities which have occurred during the last month as part of staff efforts to pursue separation from the County.

Business Administration:

- Management Partners (MP) presented an updated master project schedule with revisions to the work plan at the September 22 project kick-off meeting. Staff is reviewing the workplan and schedule for discussion with the County.

- Discussions with Management Partners on the scope of work related to business functions highlighted the need for the plan to be fluid in order to meet the County's expectations of a highly detailed plan with a minimum of uncertainty. As such, the specific activities performed by Management Partners under this contract may be adjusted from the defined steps as outlined in the original proposal.

- A temporary finance/accounting staffing resource issue, identified in the review of the workplan, is being addressed by Management Partners. A proposal to provide interim staffing assistance is being finalized.

- The next regularly scheduled meeting with Management Partners is on October 20.

Employee Services:

- Staff met with Management Partners to finalize revisions to the work plan for human resources-related services.

- Held monthly joint Labor Management Team (LMT) separation group meeting September 28, 2010 (draft minutes attached).

- Next meeting is scheduled for Wednesday, October 27, 2010 at 10:00 a.m.

- Staff distributed draft meeting minutes to all Zone 7 employees.

- Staff introduced Management Partners' new representative Lynn Dantzker and the new IEDA representative Bruce Heid to LMT group.

- Staff Informed LMT group that the Agency intends to submit an updated draft transition agreement at the October meeting and soon thereafter begin formalized negotiations over the agreement with the four bargaining units.

ACMEA, IFPTE, BCTC, SEIU, & Unrep
AND
ZONE 7 WATER AGENCY
Separation Study meeting notes

Follow up research **Information Requests** **Union Counters** **Tentative agreements**

Meeting #10
September 28, 2010

Start Time:	**10:30 am**	
Present:	**Bruce Heid, IEDA**	**BH**
	Lynn Dantzker, Management Partners	**LD**
	Jill Duerig	**JD**
	Tom Hughes	**THu**
	Tom Pico	**TP**
	Ginger Staton	**GS**
	Elena Scharnhorst	**ES**
	<u>ACMEA</u>	
	Dennis Gambs	**DG**
	Matt Katen	**MK**
	<u>IFPTE</u>	
	Subha Varadarajan, IFPTE Local 21	**SV**
	Jaime Rios	**JR**
	Jeff Tang	**JT**
	Sal Segura	**SS**
	<u>BCTC</u>	
	Mary Helen Morman	**MM**
	Frank Torrian	**FT**
	<u>SEIU</u>	
	Gus Feldman, SEIU Local 1021	**GF**
	Tom Hempil	**THe**
	Jeanne France	**JF**

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<u>NEW IEDA REPRESENTATIVE</u>

Before meeting formally began, Bruce Heid of IEDA was introduced to group. Jill also mentioned no unrepresented individuals would be present at meetings from this point forward. Bruce had to leave, Tuesdays are not good for him, **discussed changing to non-Tuesday recurring meeting**.
(Passed sign-in sheet, agenda, minutes)

<u>REVIEW OF MINUTES</u>

THu Let us know if any issues with minutes.
DG I don't see any **break for agenda item we are discussing, headings would be easier to follow**, something to consider. Any reason you could share why Glenn not doing this anymore?

<u>NEW IEDA REPRESENTATIVE</u>

THu IEDA has a lot of contracts, Glenn has other priorities causing issues in terms of availability. Discussed with Keith Fleming, president of IEDA, Bruce was recommended because of his experience/background.
JD Met last week and talked about swapping out. Bruce looked good to us, wanted to have him meet you guys. IEDA is a good group, we've had good experience with Glenn, Bruce looks to be as good, maybe even better with his water district background. Any concerns?

JT Does he take over salary negotiations responsibilities also?
THu Yes, he's replaced Glenn here
GF Reason again?
THu Scheduling, other priorities, beginning to become an issue we had to address. Talked with Keith Fleming, Bruce proposed as replacement. We thought he'd be an ideal fit here.
JD We asked ourselves, "If Glenn is disappearing, does Bruce look ok?" We said, "Yes, let's give it a try." IEDA is undergoing transitions themselves as consultants do sometimes.
SV It is a bit disruptive; Glenn was a part of the process
THu It is unfortunate it came now, we'll have to work with it
MK Does Bruce have transition experience?
THu Not sure
JD That definitely was Glenn's strength, thankfully he's still with IEDA, so they can touch base if needed. As you heard, for Bruce, Tuesdays aren't good, we'll need to figure out an alternate. I agree it's disruptive.
JR Can we talk about that now, settle a day?
THu Can anyone propose a day?
SV Wednesdays, works for me
FT Was Tuesday the only problem day for him?
JD As we consider 9/80 schedules, avoiding Fridays would be good too.
THu We can make something work
MK Kurt has staff meetings every other Wednesday, possibly pick opposite
JD Or ask Kurt to move his meetings
THu **I propose we'll look at a Wednesday of month which works best, send out electronically to the group**
DG Same time slot?
JD Seems to work
(All OK)

REVIEW OF MINUTES
THu Minutes, any other suggestions?
MK I like action items highlighted, good addition
THu Approve?
MK Move
THu Objections?
(None)

MANAGEMENT PARTNERS, INC. PRESENTATION
THu Would like to swap around agenda a bit, is that ok? Lynn from Management Partners is here, can she go first?
(All OK)
THu We were planning on having Lynn here and sharing the transition timelines but they are not finalized. We still asked her to come and introduce herself and give her background, you'll see her at these meetings occasionally. **We are hoping to finalize timelines before next month**.
LD It's a pleasure to meet you, I am a local resident – have lived in Pleasanton since 1984. I get my water through this organization and haven't been close except to vote for directors. Also I have been in municipal government full time for 35 years, retired then went to Management Partners doing local government consulting. I was Fremont Assistant City Manager, mostly over development/engineers. I have public service/sector passion which is why I didn't go retire and do something entirely different. Management Partners' role is to help facilitate the master schedule and we have prepared a master project

schedule which, by default, will be dynamic. Functions: administrative, financial, employee services, human resources. This committee here is looking at implementation. Management Partners is looking at things that need to be done to get there. Project schedule is a work-in-progress, will have a version out in several days, will be meeting with Zone 7, then bring to this group next month. Somewhat detailed, there are some complexities, not all can be solved in the beginning, they'll emerge. That's what we're here for. Another team working on the finance part. Some experience in best practices, providing information to Tom and staff about getting examples of personnel rules, putting materials together as needed through each element. Each element has a timeline toward overall goal. It will make sense when you see it. Worked on merger of AC Congestion Management Agency and AC Transportation Authority. Had our first meeting in July, was a couple year process. As much as you might want to plan every item, there will be a certain amount of uncertainty, you have come together to make it smooth. There will be comments I'm sure after you see the schedule.

JD When we say finalize, as you said, it will be dynamic. We are looking for input, didn't capture everything, wanted one master schedule, whether by MP, IEDA, attorneys, staff, etc. There were a lot of holes in the first one, try to identify some more before we give to you, you may identify some more. Excited to share it with you, hopefully next month.

DG Discussions here, define some of these actions, i.e. MOU, transition document, etc. As of last meeting there was some discussion/confusion about what each will accomplish

JD It's just a schedule, not at that level of detail. Like a Gantt chart - timeframes, pieces – initially, won't get into detail but dynamic and could easily expand.

THu There have been a lot of discussions here as to a roadmap. This will be the initial roadmap, everyone will have input into. Follow to get to the details.

JD When you develop a Gantt chart, start with headings, add lines, ask questions, how to get this done in 18 months, etc. Need a beginning point.

DG Transition document working on a list of items.

JD You can look and see what to add. Conceptual, would like you to actually see it before anyone starts tearing it apart.

JR **If you can email beforehand, that would be helpful**

THu If we are able, we can

JD There have been issues sharing back and forth with Management Partners, not everyone has Microsoft Project, it was converted to PDF, parts got cut off, so it was sent in hard copy, etc.

THu If we're able we should share it ahead of time, I like that idea.

MK Lynn, in your experience with that merger, did it result in employees working for a new agency?

LD Yes, it is resulting in that, 40 employees, Alameda CTC, migrating employees. Complexities around PERS, not sure that's going to be a thing here. They're all going to a new agency, no bargaining groups, reduced that complexity. Tom's been sharing with us the different groups involved here. I have been involved with that through my career, just not at the table.

(Lynn left)

UPDATE ON DRAFT TRANSITION DOCUMENT

THu Next item, update on draft transition document. Agency is still working on second draft of document, nowhere near finalizing it, so nothing to share today. **We are hoping also to have that next month for you**. There is nothing else on the agenda. One thing that is not on the agenda is to request an update on the LAFCO issue from Jill. I don't understand it completely myself, I went to meeting to assist in getting an agenda item pulled…

LAFCO SITUATION

JD LAFCO is the Local Agency Formation Commission, they have a website (http://www.acgov.org/lafco) where you can see minutes, documents, etc. I'm not tremendously familiar with them personally either. Some of our concerns arose when less than a month ago an agenda item came to our attention the morning of the meeting. It was a five year annual review of municipal services and included DSRSD as a potential reorganization into a tri-city municipal utility district. It sounded a lot like DSRSD taking over all water/wastewater. I'm assuming by 'tri-city' they meant Livermore, Pleasanton, Dublin. We were taken by surprise as were the cities of Livermore and Pleasanton. There was a lot of negative reaction in the valley to that item. We had Tom there as our representative and other agencies had people there in addition to members of the public voicing concern. Item was continued to next meeting in November - they have meetings every other month. Staff from City of Pleasanton, City of Dublin, City of Livermore, DSRSD, City of San Ramon, and ourselves are going to get together, possibly this Friday. Pleasanton will be hosting, LAFCO Executive Director has been invited as well. City Managers, Public Works Directors, etc. will talk about what was meant by this item, what are they trying to do, etc. Until that meeting I don't have a lot more. Right now I'm trying to inform myself - I know they have five year review slide show/report on website from July 2005 by the guys who did last study, you can download too with notes pages. At that time they looked at numerous water agencies, they do it county wide, this is just one piece. Other items, a possible merger of Fremont, Union City, and Newark, an 'uber-agency' concept for this area, etc. We'll see. Don't know anything else. Should know more after Friday - hoping it will be a productive meeting.

DG Back in the early 1990s when looking at a reorganization, there was discussion on LAFCO. Zone 7 although a special district, is a dependent special district, so as I understood it, the authority is not there. If we became another agency, not dependent, then we're more subject to their study?

JD If you look at 2005 report, it has two Zone 7-specific items. LAFCO has a sphere of influence for each special district, where their authority can go. Also LAFCO cleans up inconsistencies in property taxes. 2005 study pointed out ACWD/Zone 7 overlap, unclear who gets property tax, etc. They were looking at us then, that has not been resolved. Pointed to flood control, we were in there too. They don't have a problem with studying us even as a dependent special district.

GF Monthly meetings?

JD Every other month, item went to November, gives us a little time to gather info. You can google Alameda County LAFCO online.

DG Not my view, just some history, may or may not be relevant. From public/board perspective, if there's a better way to do something, they'll want that. As to that meeting Friday, it will be interesting to see if that's a theme or something else. Moves toward park district/City of Livermore, etc. - people want to see something happen, a study or something. Every time they merge they get rid of people, usually managers.

JD I don't disagree, whether or not their jurisdiction, once ball gets going, it would be good for Zone 7 to position itself as absorber vs. absorbee, less impact. Important for us to be in the middle of whatever's negotiated. This may gain some political momentum, I don't have a crystal ball.

DG Being part gives us a better position to have positive effect

GF Prior to our next meeting, assuming end of October, and they're meeting early November, **if you could update us on what you learned from meeting regarding intent**. If any action needed, etc.

JD If it's even fruitful, if there's actually a real exchange of thoughts. At the very least, I will put in my weekly report to the board what big items happened, this will be in there, I will ask HR to forward to you. All employees get copies, not just the union reps. If you need more, contact me after.

THu We'll make sure they get weekly report if it's in there.

JD Otherwise, we'll do something else.

MK We don't need to slow this process down anymore even if we could. Keep moving forward.

JD Better if we're ahead, have first plan, organize in such a way that doesn't preclude us absorbing. There is a sense of urgency, if we get ahead of the wave, great. Otherwise, DSRSD takes over, there will be cuts, etc. There are never two GMs!

THu Any other questions? Follow up items?

UPDATE ON DRAFT TRANSITION DOCUMENT

MK Transition document will there be concept changes from original?

THu We listened to things you pointed out last time, recognized issues we needed to consider. We are moving towards improving document as a starting point for negotiating that document. We've been having discussions within the Agency, as you see there are no more unrepresented managers in this meeting, we feel it is inappropriate; you're negotiating for union members. Our initial plan, depending how long Management Partners presentation takes next month is to have the transition document prepared, **and before we give it to you, give a half hour presentation** to cover issues you raised during meetings regarding terms and conditions, then giving you the document to review for a month and come back to next meeting. We are hoping to be able to do this next month. We want to do a presentation before we give you the document to explain provisions, items we've discussed over the last year, obstacles covered. It will be a working document, may have not covered everything. Executive management at the Agency plans that eventually this will get into official negotiation, official proposals. The Agency is putting together a negotiating team including different managers from different sections. You may see them next month. Not just HR staff and Jill.

GF I hope that the master document/schedule that Management Partners is putting together will show a point in time where we transition from collaborative discussions to negotiations. This team being present in the next meeting raises questions.

THu Just here introducing them, not getting into negotiations.

GF That information will be present on when that transition will occur?

THu I can give you an initial date. Our meeting in November we are aiming to turn it into negotiations. Current process will transition. That may change, will be in MP study.

JD Going to be a dynamic calendar, if you don't see something, just tell us. There will be other things, why we're sharing it with you. More heads better. Very complex. More input better.

SV Looking at only one more of these separation meetings then negotiations?

THu Current thinking, no plan/proposal, that at some point we're moving ahead with transition, we have to start some form of negotiation over a document. It may be that we continue on two parallel tracks with some form of an advisory group looking at transition concurrently while negotiating. No concrete/specific plans. There will be issues that clearly need to be discussed that are not succinctly covered in negotiations. We like this process and forum and the better working relationship and communications it has brought about – we don't want to end it and just move into negotiations. Anything else? Move to close?

SV Close

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End Time: 11:15 a.m.
Next meeting: Wednesday, October 27, 2010 10:00 a.m.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION: Engineering
CONTACT: Kurt Arends

AGENDA DATE: October 20, 2010. ITEM NO. 13e

Subject: Update on the Bay-Delta Conservation Planning Effort

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

BACKGROUND:

The Steering Committee for the Bay-Delta Conversation Plan (BDCP) had been working since 2006 to develop a plan with the co-equal goals of: protecting, restoring and enhancing the ecosystem of the Sacramento-San Joaquin Delta and providing a more reliable water supply.

Since 2006, the schedule has been extended over original estimates several times, largely because of the sheer magnitude of the effort. The current schedule for the BDCP is to complete a draft Conservation Plan (Plan) by the end of November to document the progress and basic framework of the Plan. A Public Review Draft of the Plan is scheduled to be released along with the Environmental Impact Report/Environmental Impact Statement (EIR/EIS) in mid-2011. A final Plan is not expected until 2012. This Plan should satisfy the federal and state requirements of Habitat Conservation Plans and Natural Community Conservation Plans, respectively. The latter will allow it to be incorporated in the Delta Plan for state implementation.

DISCUSSION:

The basic framework of the plan has been organized into 10 chapters of what will be incorporated into the final Bay Delta Conservation Plan. A draft of many of these chapters has been completed and is available to the public via the BDCP web site (www.baydeltaconservationplan.com). The Steering Committee will be receiving and reviewing drafts of the remaining chapters before the end of November so they can also be incorporated into the draft document.

While significant progress has been made by the Steering Committee over the past several years, there are still several complex issues which need to be resolved before an Administrative Draft of the Plan can be completed. Issues such as near-term and long-term water operations, governance and assurances are critical to all the parties and agreement is essential for the completion of the Plan. To assist in moving these issues forward, a series of meetings began in late August with some of the "Principals" of the Steering Committee members (the three principals representing the water users were the General Managers from Metropolitan Water of Southern California, Kern County Water and Westlands Water; similarly, there were representatives picked from each of the other interest groups sitting on the BDCP Steering Committee). The purpose of these meetings was to update the principals on the issues and to seek guidance on critical decisions which could be brought back to the Steering Committee. Approximately ten "principals" meetings were held over a several-week period and some progress was made. The results of these meetings will be brought back to the Steering Committee and incorporated into the draft document.

Zone 7 staff continues to attend the Steering Committee meetings and participates in discussions among the water contractors on a regular basis. Staff also monitored the "Principals" meetings held over the past couple of months. Once a draft document is completed, staff will provide a brief summary of the Plan and some of the key issues which may affect Zone 7 and our valley customers.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING DIVISION: Financial and Systems Services
CONTACT PERSON: JaVia Green

AGENDA DATE: October 20, 2010 ITEM NO: 13F

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.

- Projected sources and uses of funds and year-end available funding through Fiscal Year 13/14 is as follows:

Fiscal Year	Projected Equivalent Connections	Projected Revenue	ISA Draw/Payback	Projected Expenses	Projected End of Year Available Funding[1]
09/10	504	$13,020,117[2]	$30,500,000	$21,312,244[3]	$43,417,470
10/11	381	$9,154,325		$20,875,798[4]	$31,695,997
11/12	572	$13,823,153		$23,318,737	$22,200,412
12/13[5]	869	$21,237,369		$17,058,712	$26,379,069
13/14[5]	915	$23,288,348	-$30,503,481	$15,360,590	$3,803,345

1. Represents the sum of net available funds and cash from ISA after expenses.
2. Based on unaudited actuals which includes $10,508,578 of connection fees and other revenue of $2,511,540.
3. Projected FY 09/10 expenses are based on unaudited actuals.
4. Includes projected expenditures and encumbrances.
5. Projected equivalent connections for fiscal years 12/13 and 13/14 have been revised downward from previous projections.

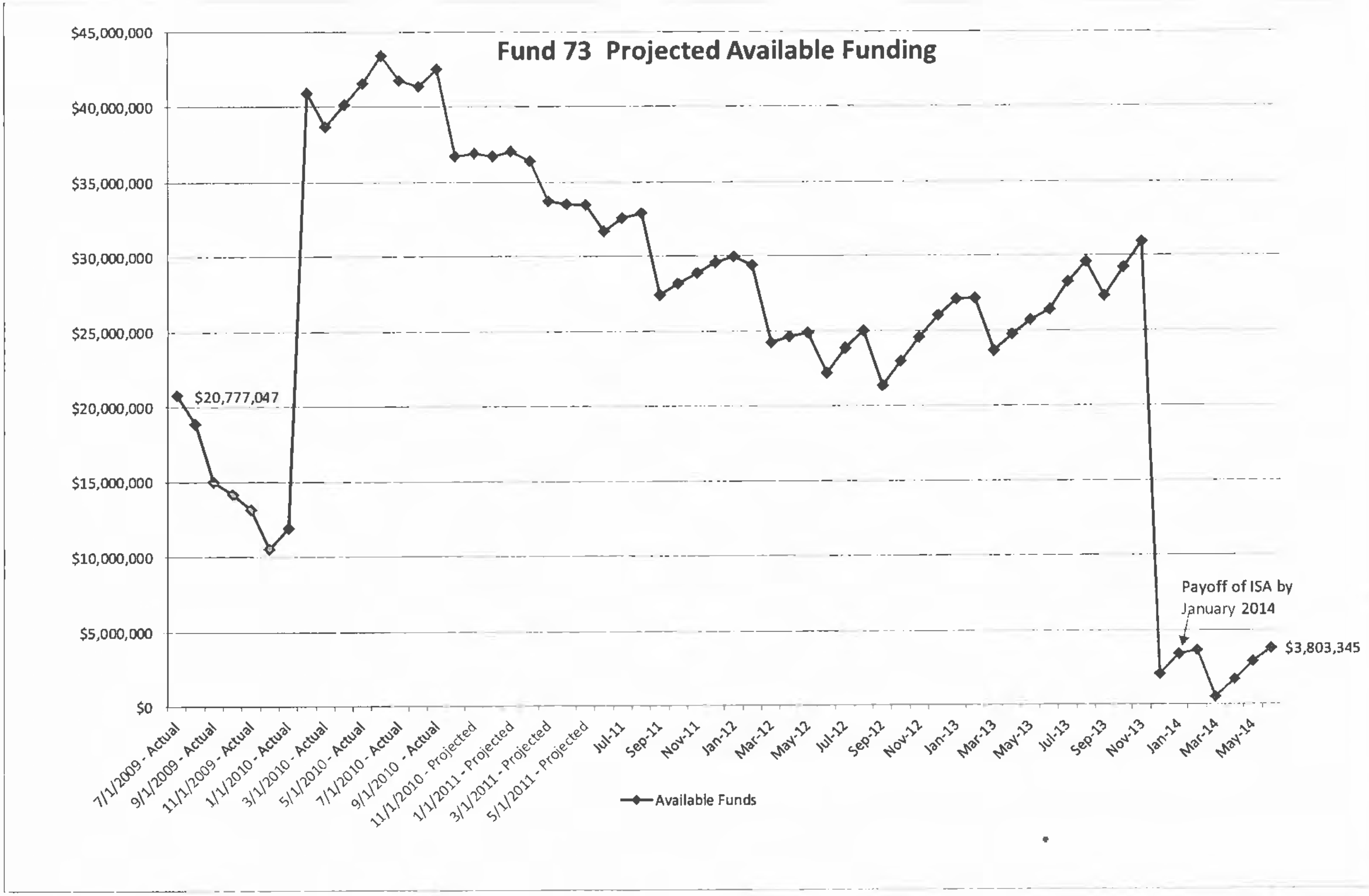
- Based on the revenue and expenditure projections shown in the table above, staff anticipates sufficient funding to pay off the ISA in January 2014. The attached Fund 73 cash flow provides more details on the data summarized above. Projected available funding is shown in the chart below.

RECOMMENDED ACTION:

Information only.

ATTACHMENT:

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



Fund 73 Projected Available Funding
$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
$20,777,047
Payoff of ISA by January 2014
$3,803,345
7/1/2009 - Actual
9/1/2009 - Actual
11/1/2009 - Actual
1/1/2010 - Actual
3/1/2010 - Actual
5/1/2010 - Actual
7/1/2010 - Actual
9/1/2010 - Actual
11/1/2010 - Projected
1/1/2011 - Projected
3/1/2011 - Projected
5/1/2011 - Projected
Jul-11
Sep-11
Nov-11
Jan-12
Mar-12
May-12
Jul-12
Sep-12
Nov-12
Jan-13
Mar-13
May-13
Jul-13
Sep-13
Nov-13
Jan-14
Mar-14
May-14
Available Funds

Fund 73 Cash Flow Tables

09/10

	7/1/2009 - Actual	8/1/2009 - Actual	9/1/2009 - Actual	10/1/2009 - Actual	11/1/2009 - Actual	12/1/2009 - Actual	1/1/2010 - Actual	2/1/2010 - Actual	3/1/2010 - Actual	4/1/2010 - Actual	5/1/2010 - Actual	6/1/2010 - Actual	Sum of Key Data
Beginning Fund Balance Projected	21,209,597	20,777,047	18,880,767	14,965,466	14,148,967	13,166,578	10,518,296	11,909,351	40,893,026	38,682,173	40,146,851	41,536,315	
Encumbrances													-
Net Available Funds - Projected	21,209,597	20,777,047	18,880,767	14,965,466	14,148,967	13,166,578	10,518,296	11,909,351	40,893,026	38,682,173	40,146,851	41,536,315	
Source of Funds- Projected													-
Z7 Connection Fee Revenue	449,188	405,356	416,023	193,975	384,021	62,837	277,348	416,023	754,011	1,130,729	900,542	789,377	6,179,428
DV Connection Fee Revenue		239,400	-	458,850	179,550	52,800	785,100	319,200	79,800	518,700	738,150	957,600	4,329,150
Interest Revenue/Prepaid Connections/Other			447,604	191,538	-	-	-	71,916	31,244	735,854	11,966	1,021,518	2,511,540
ISA								30,500,000					30,500,000
Total Sources of Funds	449,188	644,756	863,626	844,363	563,571	115,637	1,062,448	31,307,139	865,055	2,385,283	1,650,557	2,768,494	
Available Funds Projected	21,658,784	21,421,804	19,744,394	15,809,829	14,712,538	13,282,214	11,580,744	43,216,489	41,758,081	41,067,456	41,797,409	44,304,809	
Projected Expenditures	881,737	2,541,036	4,778,928	1,660,863	1,545,960	2,763,918	(328,607)	2,323,464	3,075,908	920,605	261,094	780,607	21,205,512
Sinking Fund Contribution												106,731	106,731
Net Available Funds - Projected	20,777,047	18,880,767	14,965,466	14,148,967	13,166,578	10,518,296	11,909,351	40,893,026	38,682,173	40,146,851	41,536,315	43,417,470	

10/11

	7/1/2010 - Actual	8/1/2010 - Actual	9/1/2010 - Actual	10/1/2010 - Projected	11/1/2010 - Projected	12/1/2010 - Projected	1/1/2011 - Projected	2/1/2011 - Projected	3/1/2011 - Projected	4/1/2011 - Projected	5/1/2011 - Projected	6/1/2011 - Projected	Sum of Key Data
Beginning Fund Balance Projected	43,417,470	41,715,400	41,334,785	42,512,759	36,739,887	36,874,955	36,710,707	37,001,728	36,369,853	33,738,271	33,547,760	33,474,101	
Encumbrances	1,504,160												1,504,160
Net Available Funds - Projected													-
Source of Funds- Projected													-
Z7 Connection Fee Revenue	(128,007)	-	1,248,068	382,469	382,469	382,469	263,025	263,025	263,025	263,025	263,025	587,918	4,170,515
DV Connection Fee Revenue	-	-	598,500	406,980	406,980	406,980	279,888	279,888	279,888	279,888	279,888	604,782	3,823,662
Interest Revenue/Prepaid Connections/Other	(19,030)	576	-	105,390			96,773		884,704	91,735			1,160,148
ISA						-							-
Total Sources of Funds	(147,037)	576	1,846,568	894,839	789,449	789,449	639,686	542,913	1,427,617	634,649	542,913	1,192,700	
Available Funds Projected	41,766,274	41,715,976	43,181,353	43,407,598	37,529,337	37,664,404	37,350,393	37,544,642	37,797,470	34,372,920	34,090,673	34,666,802	
Projected Expenditures	50,874	381,191	668,594	6,667,711	654,382	953,697	348,665	1,174,789	4,059,199	825,160	616,572	2,791,251	19,192,085
Sinking Fund Contribution												179,554	179,554
Net Available Funds - Projected	41,715,400	41,334,785	42,512,759	36,739,887	36,874,955	36,710,707	37,001,728	36,369,853	33,738,271	33,547,760	33,474,101	31,695,997	

FY 10/11 Key Data.					
Projected Connection Fee Revenue.	$	7,994,177	Projected Expenditures	$	20,875,798
Actually Received	$	1,718,561	Actually Spent/Encumbered	$	2,604,819
% of Actual to Projected		21%	% of Actual to Projected		12%

FY 11/12

	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Sum of Key Data
Beginning Fund Balance Projected	32,543,661	32,901,530	27,440,140	28,189,026	28,903,136	29,568,333	29,956,615	29,373,757	24,219,781	24,601,486	24,894,230	
Encumbrances												-
Net Available Funds - Projected												-
Source of Funds- Projected												-
Z7 Connection Fee Revenue	591,318	591,318	591,318	591,318	591,318	413,364	413,364	413,364	413,364	413,364	413,364	6,028,092
DV Connection Fee Revenue	629,748	629,748	629,748	629,748	629,748	440,232	440,232	440,232	440,232	440,232	440,232	6,419,880
Interest Revenue/Prepaid Connections/Other			101,189			88,054		1,009,368	92,603			1,375,181
ISA												-
Total Sources of Funds	1,221,066	1,221,066	1,322,255	1,221,066	1,221,066	941,650	853,596	1,862,964	946,199	853,596	853,596	
Available Funds Projected	33,764,727	34,122,596	28,762,395	29,410,092	30,124,202	30,509,984	30,810,211	31,236,722	25,165,980	25,455,082	25,747,826	
Projected Expenditures	863,198	6,682,456	573,368	506,956	555,868	553,368	1,436,454	7,016,941	564,494	560,852	3,362,414	23,133,737
Sinking Fund Contribution											185,000	185,000
Net Available Funds - Projected	32,901,530	27,440,140	28,189,026	28,903,136	29,568,333	29,956,615	29,373,757	24,219,781	24,601,486	24,894,230	22,200,412	

FY 12/13

	Jul-12	Aug-12	Sep-12	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	22,200,412	23,833,537	24,986,369	21,362,154	22,986,471	24,543,255	26,039,093	27,065,487	27,130,027	23,682,882	24,747,591	25,675,593	
Encumbrances													-
Net Available Funds - Projected													-
Source of Funds- Projected													-
Z7 Connection Fee Revenue	941,141	941,141	941,141	941,141	941,141	941,141	652,729	652,729	652,729	652,729	652,729	652,729	9,563,223
DV Connection Fee Revenue	1,004,549	1,004,549	1,004,549	1,004,549	1,004,549	1,004,549	696,698	696,698	696,698	696,698	696,698	696,698	10,207,484
Interest Revenue/Prepaid Connections/Other	76,787			73,979			114,820		1,067,352	133,724			1,466,663
ISA													-
Total Sources of Funds	2,022,477	1,945,690	1,945,690	2,019,670	1,945,690	1,945,690	1,464,247	1,349,428	2,416,780	1,483,152	1,349,428	1,349,428	
Available Funds Projected	24,222,890	25,779,227	26,932,060	23,381,824	24,932,161	26,488,946	27,503,340	28,414,915	29,546,807	25,166,034	26,097,018	27,025,021	
Projected Expenditures	389,353	792,858	5,569,906	395,353	388,906	449,853	437,853	1,284,888	5,863,925	418,443	421,425	417,951	16,830,712
Sinking Fund Contribution												228,000	228,000
Net Available Funds - Projected	23,833,537	24,986,369	21,362,154	22,986,471	24,543,255	26,039,093	27,065,487	27,130,027	23,682,882	24,747,591	25,675,593	26,379,069	

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	26,379,069	28,272,894	29,578,449	27,263,491	29,182,627	30,894,668	2,039,247	3,372,301	3,643,008	525,610	1,710,949	2,874,151	
Encumbrances													-
Net Available Funds - Projected													-
Source of Funds- Projected													-
Z7 Connection Fee Revenue	1,031,315	1,031,315	1,031,315	1,031,315	1,031,315	1,031,315	715,045	715,045	715,045	715,045	715,045	715,045	10,478,160
DV Connection Fee Revenue	1,099,170	1,099,170	1,099,170	1,099,170	1,099,170	1,099,170	762,156	762,156	762,156	762,156	762,156	762,156	11,167,958
Interest Revenue/Prepaid Connections/Other	185,265			210,576			218,352		1,005,400	22,636			1,642,230
ISA						(30,503,481)							(30,503,481)
Total Sources of Funds	2,315,750	2,130,485	2,130,485	2,341,061	2,130,485	33,025,153	1,695,553	1,477,201	2,482,601	1,499,838	1,477,201	1,477,201	
Available Funds Projected	28,694,819	30,403,379	31,708,934	29,604,552	31,313,112	33,025,153	3,734,800	4,849,503	6,125,610	2,025,448	3,188,150	4,351,352	
Projected Expenditures	421,925	824,930	4,445,443	421,925	418,443	482,425	362,499	1,206,494	5,599,999	314,499	313,999	314,007	15,126,590
Sinking Fund Contribution												234,000	234,000
Net Available Funds - Projected	28,272,894	29,578,449	27,263,491	29,182,627	30,894,668	2,039,247	3,372,301	3,643,008	525,610	1,710,949	2,874,151	3,803,345	