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

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE:	**Wednesday, November 16, 2011**
TIME:	**7:00 p.m.**
LOCATION:	**Zone 7 Administration Building**
	100 North Canyons Parkway, Livermore, California

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 Zone 7 Board Secretary, Judy Rector, at (925) 454-5053 or fax (925) 454-5724. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

AGENDA

1. Call Meeting to Order
2. Pledge of Allegiance
3. Citizens Forum
   This is an opportunity for members of the 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 October 19, 2011
5. Consent Calendar
   a. Workers' Compensation Insurance
   b. Zone 7 Water Agency Classified System
   c. Joint Funding Agreement with USGS for Stream Gage Improvements, Operations and Maintenance
   d. Financial Management Framework
   e. ACWA Officer Elections at Fall Conference
6. Staffing Update:
   a. Employee of the Month Recognition
7. Contract Extension for Information Technology Services

   Recommended action: Adopt resolution.

8. Financial Software Agreement

   Recommended action: Adopt resolution.

9. Western Area Power Administration (WAPA) and Power and Water Resources Pooling Authority (PWRPA) Agreements

Recommended action: Adopt resolution.

10. Rules and Regulations Governing Untreated Water Service

Recommended action: Adopt resolution.

11. Committees – None.

12. Items for Future Agenda – Directors

13. Reports – Directors

    a. Written report by Director Quigley
    b. Verbal reports

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

    a. General Manager's Report
    b. Recent Public Outreach Activities
    c. Legislative Update
    d. Status Report on Separation Efforts
    e. 2011 Water Quality Management Program Implementation Plan Update
    f. Update Related to the Bay Delta Conservation Plan
    g. Verbal Reports

15. CLOSED SESSION

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

16. Open Session and Report Out of Closed Session

17. Voluntary Resignation Program

Recommended action: Adopt resolution.

18. Adjournment

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

    a) Finance Committee Meeting: December 5, 2011, 4:00 p.m.
    b) City of Pleasanton Liaison Meeting: December 12, 2011, 4:30 p.m. Location TBD
    c) DSRSD Zone 7 Liaison Meeting: December 13, 2011, 4:30 p.m. at Zone 7
    d) Regular Board Meeting: December 21, 2011, 7:00 p.m.

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

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

REGULAR MEETING

October 19, 2011

President Figuers called the regular meeting to order at 7:00 p.m. The following were present:

DIRECTORS: SANDS FIGUERS
JOHN GRECI
AJ MACHAEVICH
CHRISTOPHER MOORE
SARAH PALMER
RICHARD QUIGLEY
BILL STEVENS

DIRECTORS ABSENT: NONE

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE
TAMARA BAPTISTA, FINANCIAL AND SYSTEMS SERVICES MANAGER
JAVIA GREEN, STAFF ANALYST, FINANCE
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum – None.

Item 4 - Minutes of the Regular Meeting of September 21, 2011 and the Special Meeting of October 5, 2011

Director Palmer had two corrections to the minutes for September 21, 2011: Page 2 – Citizens Forum: Sandy Yamaoda voiced her disapproval regarding a proposed increase in water rates; and on Page 7 there was a typographical error in Director's Machaevich's comments regarding the phrase "right away" which should read "the correct way." On a motion by Director Palmer with a second by Director Quigley, the minutes of the Regular Meeting of September 21, 2011, and the Special Meeting of October 5, 2011 were approved by a voice vote of 7-0.

Item 5 - Consent Calendar

The resolutions were approved by a voice vote of 7-0.

Resolution 11-4119	Approved authorizing the General Manager to negotiate, execute and submit all documents necessary for completion of the Arroyo Mocho – Stanley Reach Project. (Item 5a)
Resolution 11-4121	Approved authorizing the General Manager to enter into any contract with Union Bank. N.A. relating to any deposit which is to the public advantage until the Bank receives written notice of revocation. (Item 5b)
Resolution 11-4122	Approved President Figuers' attendance at the ACWA 2011 Fall Conference in Anaheim, California November 29 - December 2, 2011. (Item 5c)

On a motion by Director Palmer with a second by Director Quigley, the consent calendar passed by a voice vote of 7-0.

Item 6 - Staffing Updates

Item 6 (a) – New Employee Introduction

Ms. Duerig reviewed the staff report with the Board and the Board welcomed Mr. John Brixie to Zone 7.

Item 6 (b) - Employee of the Month Recognition

Ms. Duerig reviewed the staff report with the Board and the Board congratulated Mr. Steve Yonkman who was applauded for his fine work on behalf of Zone 7.

Item 7 – Treated Water/Recharge Rates for 2012

Assistant General Manager John Yue introduced the Treated Water/Recharge rates item for 2012 and Tamara Baptista, Financial & Systems Services Manager, gave a brief presentation. President Figuers asked for public comment. Dan Martin reiterated City of Pleasanton's request to avoid water rate increases. He said it is not the time to raise rates due to the economy.

Ken Bradley, a property manager, expressed his feelings to the Board about the phone poll that was taken and that he must pass on a water rate increase to his tenants. Now is not the time to be raising fees unless you absolutely have to so he urged the Board not to approve an increase.

Director Moore asked if any formal comments were received from Dublin San Ramon Services District, California Water Service or the City of Livermore and Ms. Duerig responded "no." Director Moore then stated that reserves and policies need to be reviewed but that the Board should consider a 3% water rate increase.

Director Quigley supports the 5% increase, even though retailers always request 0%, because he supports the Zone 7 staff recommendations.

Director Palmer added that she understands Director Moore's concern but 3% this year means higher rates next year when the economy is unlikely to be much better.

Director Machaevich said he crunched the numbers with the Finance Committee and 5% preserves the reserves for another few years if the poor economy continues. He stated that he doesn't like increases but look at Livermore's waste management bills that are 19% higher. He feels 5% is prudent although it hurts him to ask for a raise but we have to; the difference between 3% and 5% is only a 75-cent average and he is not willing to put Zone 7 at risk so he is voting for the 5% increase.

Director Greci stated that Zone 7 went without increases for years in the past but then there was a need for a big increase. The demineralization (demin) plant was a big expense at the request of City of Pleasanton. He added that Zone 7 does not have control over state water charges, the cost of repairs, etc. and less than 5% increase isn't good business. The public expects reliability and a 5% increase is needed.

President Figuers commented that he felt Zone 7 could do a 3% increase but it would delay a lot of major projects and a short-term economic swing is unlikely.

Director Greci also stated that he feared a 36" pipe failure because of corroded pipeline joints which will be very expensive and will interrupt service and could force emergency indebtedness if we don't implement our planned Asset Management Program.

Director Stevens said that last year he wanted a 0% increase but he is glad his colleagues adopted 2.5%. This year he wanted a 2.5% or 3% but, as an avid Asset Management Plan supporter, he recognized the need for a 5% increase.

President Figuers acknowledged the aging infrastructure.

Director Moore restated that the Directors are trying to do the right thing by proposing a one-time only use of emergency contingency reserves to maintain reliability. As the Board reviews reserves, they may need to be increased due to aging infrastructure.

Director Quigley noted that AMP and CIP projects have already been pushed out and belts tightened because the Board is balancing economic pressures with a commitment to give the public a reliable supply of great water.

On a motion by Director Stevens and seconded by Director Quigley, Resolution 11-4123 was passed for a 5% treated water rate increase by a 5-2 roll call vote with Director Moore and President Figuers voting no.

Item 8 - Untreated Water Rate for 2012

John Yue gave a recap regarding the reduction in the untreated water rate from $97/acre feet to $92/acre feet, a 5% decrease. On a motion by Director Moore and seconded by Director Palmer, Resolution 11-4124 was passed by a 7-0 roll call vote.

Item 9 - Draft Fiscal Year 2012/13 Capital Improvement Program:

- **10-Year Water System Plan**
- **5-Year Flood Protection Plan**

Item 10 - 2011 Municipal & Industrial Connection Fee Program Update

Finance Staff Analyst JaVia Green gave a presentation covering Items 9 & 10, the CIP and the Connection Fee. Director Greci applauded staff's effort. Director Quigley noted the professionalism and cost-savings since the CIP is done biennially and the CIP and connection fee and engineering study are done in-house.

President Figuers said the numbers are astounding (42 projects totaling $1,069,388) and we may want to revisit next year what we are asking people to pay for.

Director Greci suggested looking at the Dougherty Valley steel tank and relining and whether it could be deferred. We probably have already spent $1 billion since the inception of Zone 7 to now. Ms. Duerig confirmed that this valley has already spent over $600 million on infrastructure.

Director Quigley asked questions about some of the graphs JaVia presented and she explained that zeros on the graph he questioned mean no planned expenditures for that year.

Hearing no public comments, President Figuers closed the public comment part of the agenda.

On a motion by Director Stevens and seconded by Director Greci, Resolution No. 4125 adopting the FY 12/13 Capital Improvement Program document was passed by a roll call vote of 7-0.

On a motion by Director Moore and seconded by Director Palmer, Resolution No. 4126 adopting the 2011 M&I Connection Fee Program Update and connection fees for Alameda County and Dougherty Valley Service Areas was passed by a roll call vote of 7-0.

On a motion by Director Quigley and seconded by Director Palmer, Resolution No. 4127 adopting the Dougherty Valley Facility Use Fee was passed by a roll call vote of 7-0.

Item 11 - Committees – None

Item 12 - Items for Future Agendas – Directors

Item 13 - Reports – Directors

Director Quigley noted that the new East Bay Regional Park District map, "Regional in Nature" is a Delta topographical map and is worth visiting but lacks water conveyance detail. Director Palmer noted that there is a good water map at Pyramid Lake that shows the full water story.

Item 14 - Staff Reports (Information items.)

a. General Manager's Report
b. Recent & Upcoming Public Outreach Activities
c. Legislative Update
d. Status Report on Separation Efforts
e. Quarterly Update of Expansion Fund
f. Verbal Reports

No comments or questions on staff reports.

The Board went into closed session at 8:20 p.m.

Item 15 - CLOSED SESSION

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

Item 16 - Open Session and Report Out of Closed Session

President Figuers said there was nothing to report when the Board came out of closed session at 8:50 p.m.

The Board of Directors unanimously approved Resolutions No. 11-4128 through 11-4132 approving Footnote Amendments and a Supplemental Agreement with the Alameda County Management Employees Association.

The meeting was adjourned at 8:55 p.m.

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

ORIGINATING SECTION: EMPLOYEE SERVICES
CONTACT: TOM HUGHES

AGENDA DATE: November 16, 2011 ITEM NO. 5a

SUBJECT: Workers' Compensation Insurance

SUMMARY:

As part of the ongoing transition of the Agency and its employees from Alameda County we are requesting that the Board authorize the attached documents for the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Workers' Compensation program application:

- Zone 7 Resolution
- Resolution Consenting to Enter the Joint Protection Programs of the Association of California Water Agencies/Joint Powers Insurance Authority
- Application for a Public Entity Certificate of Consent to Self Insure including Resolution Authorizing Application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self Insure Workers' Compensation Liabilities

Attached is the Workers' Compensation & Employer's Liability Coverage Quotation dated October 25, 2011 with an estimated annual deposit premium of $234,000. This action is expected to save the Agency approximately $50,000 to $100,000 per year compared to the current cost of $330,000 paid to the County of Alameda. This is assuming claim levels remain as experienced over the past decade on average. After four years, claim levels will be reviewed against premiums paid and adjustments may be made. There is a three year commitment upon joining the ACWA/JPIA.

FUNDING:

Potential savings of approximately $50,000 to $100,000 per year.

RECOMMENDED ACTION:

Adopt the attached resolutions and sign the application

ATTACHMENTS: Resolution
Application
Coverage Proposal
Joint Powers Agreement

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

RESOLUTION NO. 11-4128

CONSENTING TO ENTER THE JOINT PROTECTION PROGRAMS OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES/ JOINT POWERS INSURANCE AUTHORITY

WHEREAS, the Zone 7 Water Agency is a public entity organized and existing under laws of the State of California; and

WHEREAS, pursuant to the provisions of Section 3700 of the California Labor Code, said District may self-insure for Workers' Compensation Liabilities in a joint protection program; and

WHEREAS, said District desires to participate in the ACWA/Joint Powers Insurance Authority joint protection program for Workers' Compensation coverage.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Zone 7 Water Agency:

Section 1. That the District hereby elects to join the Workers' Compensation Program sponsored by the Authority.

Section 2. That the District hereby selects $15,000 as its Retrospective Allocation Point (RAP) for the Authority's cost allocation formula for Workers' Compensation.

Section 3. That the Treasurer of this District is hereby authorized to pay to the ACWA/Joint Powers Insurance Authority its first deposit premium.

Section 4. That the Secretary of the Board of Directors of this District is directed to certify a copy of this resolution and to forward the same resolution to the Association of California Water Agencies/Joint Powers Insurance Authority, P. O. Box 619082, Roseville, California, 95661, at which time coverage will commence the 8th day of January, 2012.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011

By________________________
President, Board of Directors

Attest: ________________________
Judy Rector, Board Secretary

State of California
Department of Industrial Relations
Self Insurance Plans
2265 Watt Avenue, Suite 1
Sacramento, CA 95825
Phone (916) 574-0300
FAX (916) 483-1535

Our File: ____________

APPLICATION FOR A PUBLIC ENTITY CERTIFICATE OF CONSENT TO SELF INSURE

NOTE: All questions must be answered. If not applicable, enter "N/A".
Workers' compensation insurance must be maintained until certificate is effective.

APPLICANT INFORMATION

Legal Name of Applicant (show exactly as on Charter or other official documents):

Zone 7 Water Agency

Street Address of Main Headquarters:

100 North Canyons Parkway

Mailing Address (if different from above):

Federal Tax ID No.: 94-6000501

City: Livermore State: CA Zip + 4: 94551-9486

Tom Pico

TO WHOM DO YOU WANT CORRESPONDENCE REGARDING THIS APPLICATION ADDRESSED?

Name: Tom Pico

Title: Acting Human Resources Manager

Company Name: Zone 7 Water Agency

Mailing Address: 100 North Canyons Parkway

City: Livermore State: CA Zip + 4: 94551-9486

Type of Public Entity (check one):

☐ City and/or County ☐ School District ☐ Police and/or Fire District ☐ Hospital District ☐ Joint Powers Authority

☒ Other (describe): Special District

Type of Application (check one):

☒ New Application ☐ Reapplication due to Merger or Unification ☐ Reapplication due to Name Change Only

☐ Other (specify): ____________

Date Self Insurance Program will begin: January 8, 2012

CURRENT PROGRAM FOR WORKERS' COMPENSATION LIABILITIES

☐ Currently Insured with State Compensation Insurance Fund, Policy Number: ______

Policy Expiration Date: ______ Yearly Premium: $ ______

Current Yearly Incurred (paid & unpaid) Losses: $ ______ (FY or CY)

☐ Currently Self Insured, Certificate Number: ______

Name of Current Certificate Holder: ______

☐ Other (describe): ______

JOINT POWERS AUTHORITY

Will the applicant be a member of a workers' compensation Joint Powers Authority for the purpose of pooling workers' compensation liabilities?

☒ Yes ☐ No If yes, then complete the following:

Effective date of JPA Membership: ______ JPA Certificate No.: 5807

Name and Title of JPA Executive Officer:
Andy Sells, Chief Executive Officer

Name of Joint Powers Authority Agency:
Association of California Water Agencies/Joint Powers Insurance Authority

Mailing Address of JPA:
2100 Professional Drive

City: Roseville, CA 95661 State: Zip + 4:

Telephone Number: (916) 786-5742

PROPOSED CLAIMS ADMINISTRATOR

Who will be administering your agency's workers' compensation claims? (check one)

☒ JPA will administer, JPA Certificate No.: 5807

☐ Third party agency will administer, TPA Certificate No.: ______

☐ Public entity will self administer ☐ Insurance carrier will administer

Name of Individual Claims Administrator:
Dianne Salvador

Name of Administrative Agency:
Association of California Water Agencies/Joint Powers Insurance Authority

Mailing Address:
2100 Professional Drive

City: Roseville, CA 95661 State: Zip + 4:

Telephone Number: (916) 786-5742 FAX Number: (916)-774-7050

Number of claims reporting locations to be used to handle the agency's claims: ____________________

Will all agency claims be handled by the administrator listed on previous page? ☐ Yes ☐ No

AGENCY EMPLOYMENT

Current Number of Agency Employees: 123

Number of Public Safety Officers (law enforcement, police or fire): n/a

If a school district, number of certificated employees: ____________________

Will all agency employees be included in this self insurance program? ☒ Yes ☐ No

If no, explain who is not included and how workers' compensation coverage is to be provided to the excluded agency employees:

INJURY AND ILLNESS PREVENTION PROGRAM

Does the agency have a written Injury and Illness Prevention Program? ☒ Yes ☐ No

Individual responsible for agency Injury and Illness Prevention Program:

Name and Title:

G. F. Duerig, General Manager

Company or Agency Name:

Zone 7 Water Agency

Mailing Address:

100 North Canyons Parkway

City:	State:	Zip + 4:
Livermore	CA	94551-9486

Telephone Number: (925) 454-5000

SUPPLEMENTAL COVERAGE

Will your self insurance program be supplemented by any insurance or pooled coverage under a standard workers' compensation insurance policy? ☐ Yes ☒ No

If yes, then complete the following:

Name of Carrier or Excess Pool: ____________________

Policy Number: ____________________

Effective Date of Coverage: ____________________

Will your self insurance program be supplemented by any insurance or pooled coverage under a specific excess workers' compensation insurance policy?

☒ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: Safety National Casualty Corporation

Policy Number: XWC 1005 00 1101

Effective Date of Coverage: July 1, 2011

Retention Limits: $2,000,000

Will your self insurance program be supplemented by any insurance or pooled coverage under an aggregate excess (stop loss) workers' compensation insurance policy?

☐ Yes ☒ No

If yes, then complete the following:

Name of Carrier or Excess Pool: ______

Policy Number: ______

Effective Date of Coverage: ______

Retention Limits: ______

RESOLUTION OF GOVERNING BOARD

See Attached Resolution—Page 5

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

Signature of Authorized Official: ______

Date: November 16, 2011

Typed Name: G. F. Duerig

Title: General Manager

Agency Name: Zone 7 Water Agency

Seal

(Emboss seal above or Notarize signature)

RESOLUTION NO.: 11-4129 DATED: 11/16/11

A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF INSURE
WORKERS' COMPENSATION LIABILITIES

At a meeting of the Board of Directors
(enter title)

of the Zone 7 Water Agency,
(enter name of public agency, district)

a Special District organized and existing under the laws of the State of California,
(enter type of agency)

held on the 16th day of November, 2011, the following resolution was adopted:

RESOLVED, that the Board of Directors
(enter position titles)
be and they are hereby severally authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self Insure workers' compensation liabilities on behalf of the

Zone 7 Water Agency
(enter name of district)

and to execute any and all documents required for such application.

I, J. A. Rector, the undersigned Board Secretary
(enter name) (enter title)

of the Board of the said Zone 7 Water Agency,
(enter name of agency)

a Special District, hereby certify that I am the Board Secretary
(enter type of agency) (enter title)

of said Zone 7 Water Agency, that the foregoing is a full, true and correct copy of the
(enter type of agency)
resolution duly passed by the Board at the meeting of said Board held on the day and at the place therein specified and that said resolution has never been revoked, rescinded, or set aside and is now in full force and effect.

IN WITNESS WHEREOF: I HAVE SIGNED MY NAME AND AFFIXED THE SEAL OF THIS

Seal

Special District,
(enter type of agency)

THIS 16th DAY OF November, 2011.

(Signature)

COVERAGE PROPOSAL

Zone 7 Water Agency
100 North Canyons Pkwy
Livermore, CA 94551

Date Presented:
October 25, 2011

Important Notice

This summary of proposed coverage is intended to be a brief general review of the proposed coverage. It does not alter, change or modify any of the coverage terms or conditions as found in the proposed Memorandum of Coverage. Please read the Memorandum of Coverage for the specifics as respects your agency's coverage.

This proposal does not ensure membership eligibility. The Executive Committee makes all decisions regarding membership application.

Membership requires an initial three-year commitment per the Joint Powers Agreement Article 22. Compliance with risk assessment recommendations, if any, is required prior to effecting coverage.

Introduction

The JPIA is a public entity, formed in 1979 by 83 water agencies of the state of California. There are now nearly 300 members. Like its members, the JPIA is a special district in the state of California. Its formation and operation are subject to the provisions of the California Government Code, including the Brown Act. It provides risk-sharing pools to meet the needs of its members for property, liability, and workers' compensation coverage.

The JPIA is a partnership of water agencies working together to share the risks associated with purveying water. The risk-sharing pools of the JPIA are a cost-effective form of risk management available only to public entities, allowing them to bypass the high cost of commercial insurance. The coverages provided by this risk-sharing arrangement are unique to water agencies. The water agencies themselves—their directors and managers—have selected and refined these coverages. Not all water agencies are accepted into the JPIA. Prospective members must demonstrate a commitment to effective risk management programs.

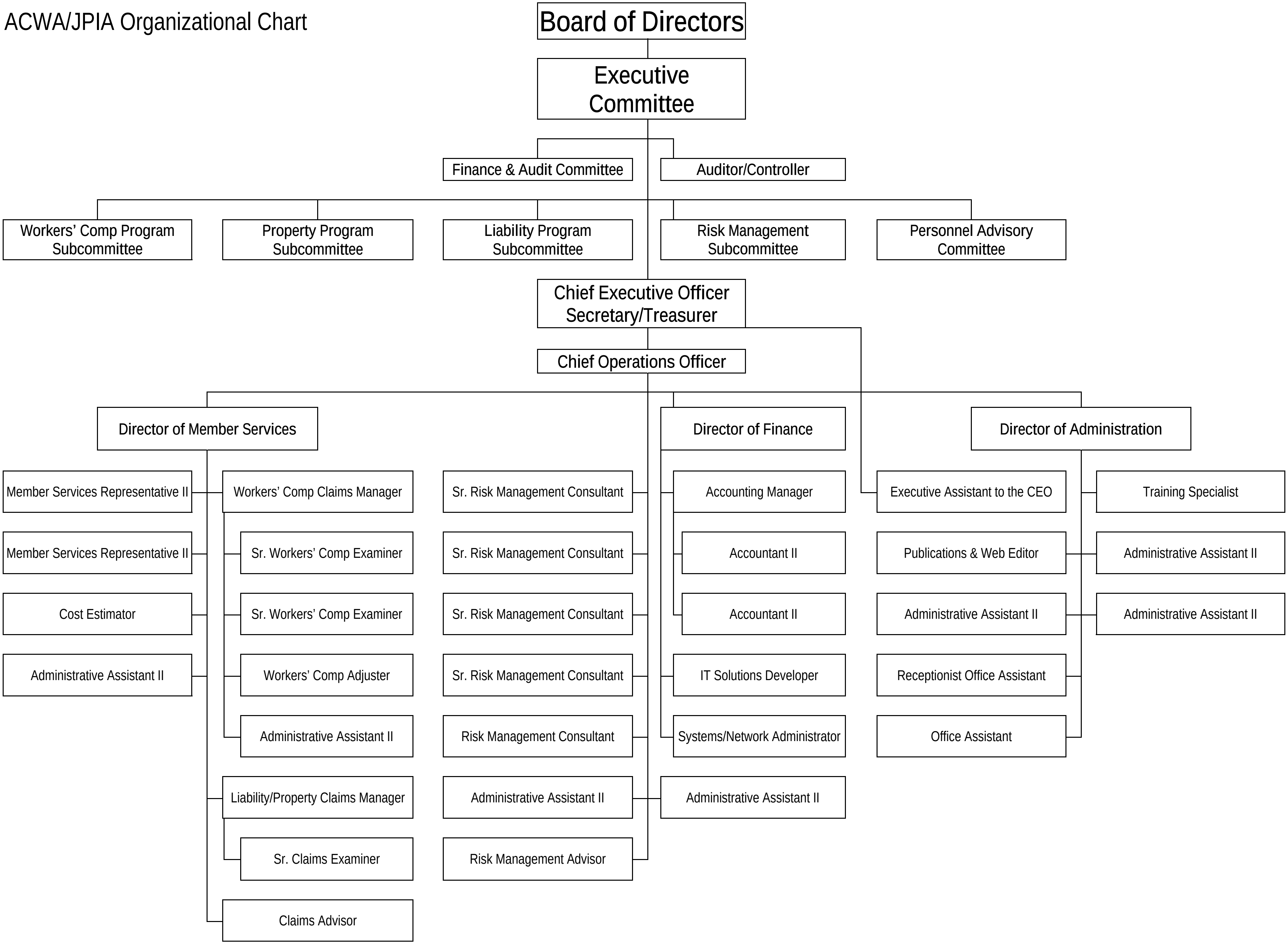
Becoming a member is just the beginning. Besides handling covered claims for all members, the JPIA provides risk management services and training programs. Risk management consultants who are specialists in the water industry, not generalists, perform on-site visits. Certified treatment plant operators and distribution system operators are on staff. The risk management services include assistance with Injury and Illness Prevention Programs, ergonomic evaluations, Cal/OSHA regulatory compliance, confined space entry evaluations, noise surveys, and hazard communication programs. In addition, members receive assistance with their personnel policies and procedures as well as help in developing job descriptions and employee handbooks.

The JPIA provides a wide variety of training to its members at little or no cost. An extensive safety video lending library, a risk control manual, a risk transfer manual, monthly safety bulletins, and other risk management tools are provided to members at no additional cost.

The JPIA is managed by the directors and managers of the water agencies it serves. The JPIA is constantly evolving to meet the changing needs of its members. Changes are the result of decisions of the various Committees and Board of Directors. Members have opportunities to influence and control the direction and activities of the JPIA through the democratic process.

The JPIA is not an insurance agency or company. There are no stockholders, no income taxes, no premium taxes, and no property taxes. There is no profit margin and no sales commissions. Any excess funds, as well as investment income, for a given coverage year are returned to the member agencies instead of being retained as profit. Historically, commercial insurers have entered and left the public entity insurance market like a revolving door, seeking only market share and profit. The JPIA provides a secure, stable and highly cost-effective alternative for protecting the assets, liabilities, and employees of public water agencies.

ACWA/JPIA Organizational Chart



Liability Program

The JPIA's Liability Program is designed specifically for public water agencies. It provides protection to members against liability for bodily injury, property damages, errors and omissions, employment practices, fiduciary responsibilities, products, and pollution. The Program provides each member with liability limits of $60 million per occurrence.

Commercial insurance programs typically require the issuance of multiple policies, often with conflicting coverage grants and exclusions, creating dangerous gaps in coverage. The JPIA's Memorandum of Coverage combines these needed coverages into a single form, specifically tailored to meet members' needs.

Members of the Liability Program also share in the direction of the Program, helping to craft the coverage and risk financing as well as the membership selection process.

Unlike fixed-cost commercial insurance programs, the JPIA's Liability Program affords members the opportunity to share in the benefits of effective risk management and loss prevention programs as well as thorough and knowledgeable claims handling. Since the inception of the Program in 1979, the JPIA has made retrospective premium adjustments (return premiums) of $23 million, or approximately 10 percent of the deposit premiums.

Property Program

The JPIA's Property Program is a highly cost-effective method for members to protect their physical assets, such as buildings and infrastructure, vehicles, and equipment. Like the Liability Program, the Property Program's single Memorandum of Coverage eliminates the need for multiple and often conflicting or redundant commercial policies.

Some unique features of the Program include:

- Full Replacement Coverage for Buildings, Fixed Equipment, and Personal Property

- Machinery Breakdown and Electrical Injury of Fixed Equipment

- Coverage for earth movement and flood (except quake and rising bodies of water)

- Coverage for newly acquired, rented, or borrowed property, including autos

- Coverage for Business Interruption, Extra Expense, Valuable Papers, and Accounts Receivable

- Coverage for Employee Dishonesty and Forgery/Alteration

- Members also receive free replacement cost appraisals of their fixed assets

Since the Program began in 1983, the JPIA has returned over $8 million to its members, or more than 37 percent of the deposit premiums.

Workers' Compensation Program

A water agency's employees are its most valuable asset. Injuries and lost time have hidden costs, such as the loss of productivity and lowered morale. The critical components of a successful workers' compensation program include effective loss prevention programs and claims handling.

The JPIA's Risk Management staff consists of highly qualified consultants that are experienced in the water industry. Some are state-certified water treatment and distribution operators. Each member is assigned a consultant who will work to help develop effective Injury and Illness Prevention Programs, Cal/OSHA regulatory compliance, and Return-to-Work programs. Extensive training programs are provided to help reduce employee injury and illness.

Members have free access to the services of Occu-Med for evaluation of pre-employment and fit-for-duty physical examinations.

A key to effective claims handling is good communication. The JPIA's Claims staff has a case load that is less than half of the industry standard, allowing them to work closely with members, injured workers, and treating physicians. They try to ensure that the employee is treated promptly and fairly, while working to eliminate abuse of the system and reduce costs.

Through a pro-active approach to reducing employee injuries and controlling claims costs, the JPIA has succeeded in avoiding the up and down cycles of the market while consistently remaining competitive with commercial insurers.

<u>Additional Programs & Services</u>

Coverage Programs (Group Purchase)

Employee Dishonesty
Underground Storage Tank Liability
Dam Failure Liability
Earthquake and Flood
Special Event Liability

Services Provided at Little or No Additional Cost to Members

- Risk Management Consultations by Specialists in the Water Industry
- Cal/OSHA Regulatory Compliance Assistance
- DOT Drug & Alcohol Testing Consortium
- Injury & Illness Prevention Programs
- ADA Compliant JOB Descriptions
- Ergonomic Evaluations
- Hazard Identification & Coverage Evaluations
- Risk Transfer Consultations
- Video Lending Library with over 500 Videos on Safety, Health and Water Issues

Professional Development Program – provides training opportunities to members' employees, offering more than 40 different safety, management, and human resources classes at members' sites and other locations throughout the state. Certifications are available in the areas of Human Resources, Supervision, Risk Management, and Training. Many courses are approved for meeting the continuing education requirements of the California Department of Health Services.

WORKERS' COMPENSATION & EMPLOYER'S LIABILITY
COVERAGE QUOTATION
October 25, 2011

Workers' Compensation	Statutory Limits
Employer's Liability	
Bodily Injury by Accident	$ 2,000,000
Bodily Injury by Disease - each employee	$ 2,000,000
Bodily Injury by Disease - policy limit	$ 2,000,000

Class Code	**Classification**	**Estimated Annual Payroll**	**Rate 7/1/2011**	**Estimated Annual Deposit**
7520	Waterworks Operation	$ 4,560,208	.0510	$ 232,571
4511	Analytical/Testing Laboratories	$ 473,658	.0186	$ 8,810
8742	Salespersons-Meter Readers	$ 6,924,427	.0116	$ 80,323
8810	Clerical	$ 651,779	.0101	$ 6,583
	Total	$ 12,610,072		$ 328,287
	Economy of Size Discount – 6%			$ (39,394)
	Discounted Premium			$ 288,893
	Experience Modification Factor			0.81
	Estimated Annual Deposit Premium			$ 234,003

Participation in 2 JPIA Programs- Premium Discounted to $ 229,323

Deposit premium is payable on a quarterly reporting basis. No up-front deposit is required. Retrospective Allocation Point $15,000 minimum.

<u>CONDITIONS:</u>

1) COMPLIANCE WITH RECOMMENDATIONS, IF ANY, IS REQUIRED PRIOR TO EFFECTING COVERAGE.

2) PARTICIPATION REQUIRES AN INITIAL THREE-YEAR COMMITMENT PER JOINT POWERS AGREEMENT ARTICLE 22

3) SUBJECT TO EXECUTIVE COMMITTEE APPROVAL OF APPLICATION

Joint Powers Agreement

Creating The

Association of California Water Agencies
Joint Powers Insurance Authority

Adopted May 9, 1979
Revised on May 9, 2011

Joint Powers Agreement — Table of Contents

Joint Powers Agreement

Creating The

Association Of California Water Agencies Joint Powers Insurance Authority

THIS AGREEMENT is made and entered into in the County of Placer, State of California, by and among the water districts and agencies (hereinafter "Districts") and other public entities (hereinafter "Friends of ACWA") organized and existing under the laws of the State of California, which are parties signatory to this Agreement and listed in Appendix "A", which is attached hereto and made a part hereof. Said Districts and Friends of ACWA are sometimes referred to herein as "parties" or "Members".

Recitals

WHEREAS, California Government Code Section 6500 et seq. provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus lines broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance or reinsurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purpose of establishing pools for self-insured losses and purchasing excess insurance or reinsurance and administrative services in connection with joint protection programs for said parties; and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so;

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

Article 1 — Definitions

The following definitions shall apply to the provisions of this Agreement:

(a) **"Auditor/Controller"** shall mean that person, designated by the Executive Committee who is required to draw, or cause to be drawn, checks, warrants, and electronic payments on behalf of the Authority, and to provide for an annual audit.

(b) **"Authority"** shall mean the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) created by this Agreement.

(c) **"Board of Directors" or "Board"** shall mean the governing body of the Authority.

(d) "**Chief Executive Officer**" shall mean that employee of the Authority who is so appointed by the Executive Committee and ratified by the Board of Directors at the next meeting, unless approved unanimously by the Executive Committee.

(e) **"Claims"** shall mean demands made against Members which are within the Authority's joint protection programs as developed by the Board of Directors.

(f) **"Deposit Premium"** shall mean the amount determined by the Executive Committee annually, as necessary to fund each joint protection program of the Authority.

(g) **"Director"** shall mean that individual selected by the Member, from its governing body, to represent the Member on the ACWA/JPIA Board of Directors.

(h) **"District"** shall mean those entities of local government empowered by law to replenish ground waters, distribute, control, treat, develop, acquire, use, store or supply water, or empowered by laws to protect, drain or reclaim lands within the State of California, including but not limited to irrigation districts, California water districts, municipal water districts, county water districts, municipal utility districts, and drainage, water replenishment, reclamation districts, flood control districts, conservation districts, sanitation districts, sanitary districts, special act districts and joint powers authorities which are signatories to this Agreement and are members of the Association of California Water Agencies (ACWA), or are affiliated with ACWA based on their meeting the criteria currently specified by ACWA for ACWA Affiliates – "Friends of ACWA".

(i) **"Duly Constituted Board Meeting"** shall mean any Board of Directors meeting noticed and held in the required manner and at which a Quorum was determined to be present at the beginning of the meeting.

(j) **"Excess Insurance"** shall mean that insurance or reinsurance which may be purchased on behalf of the Authority to protect the funds of the Members.

(k) **"Executive Committee"** shall mean the Executive Committee of the Board of Directors of the Authority.

(l) **"Finance and Audit Committee"** shall mean the committee of the Authority composed of financial staff of districts appointed by the Board President and ratified by their Districts.

(m) **"Fiscal Year"** shall mean that period of twelve months which is established as the fiscal year of the Authority.

(n) "**Friends of ACWA**" shall mean those public agencies that do not meet the definition of "**District"** who are members of the ACWA or are affiliated with ACWA based on their meeting the criteria currently specified by ACWA for ACWA Affiliates – "Friends of ACWA," and which are also signatories to this Agreement.

(o) **"Insurance"** shall mean and include a joint protection program, self-insurance through a funded program, and/or any commercial insurance or reinsurance contract.

(p) **"Member"** shall mean either a **"Friend of ACWA"** or a **"District" which is a signatory to this Agreement**.

(q) **"Policy Year"** shall mean a period of time, usually (twelve) 12 months, determined by the Executive Committee into which each joint protection program is segregated for ease in determining deposit premiums, incurred losses, and retrospective premium calculations.

(r) **"Retrospective Premium Adjustment"** shall include the terms "Retrospective Premium" and "Retrospective Adjustment" and shall mean the amount determined by the cost allocation plans and formulas adopted from time to time by the Board as a Member's share of losses, expenses, and contribution to the catastrophe fund or other reserve.

(s) **"Secretary"** shall mean the person appointed by the Executive Committee to record or cause to be recorded, and keep or cause to be kept, at the principal executive office or such other place as the Executive Committee may order, a book of minutes of actions taken at all meetings of the Board of Directors and Executive Committee.

(t) **"Treasurer"** shall mean the person appointed by the Executive Committee to keep and maintain, or cause to be kept and maintained, adequate and correct financial records of the Authority.

Article 2 — Purposes

This Agreement is entered into by Members pursuant to the provisions of California Government Code sections 990, 990.4, 990.8 and 6500 *et seq*., in order to provide comprehensive and economical public liability, workers' compensation, unemployment, health, accident and/or dental, and property coverage, or coverage for other risks to which the Board of Directors may agree.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, the Association of California Water Agencies Joint Powers Insurance Authority (the Authority), to administer joint protection programs wherein Districts and Friends of ACWA will separately pool their losses and claims, and jointly purchase excess insurance and/or reinsurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal, and other related services.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion at a subsequent date of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and members of the Authority, subject to approval by the Board of Directors.

Article 3 — Parties To Agreement

Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories to this Agreement pursuant to Article 21. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to Article 22 or Article 23, shall not affect this Agreement or such party's intent to contract as described above with the other parties to the Agreement then remaining.

Article 4 — Term Of Agreement

This Agreement became effective on the date of execution hereof by the last of sixty (60) Districts with a combined 1978/79 liability policy premium of $2 million, and it shall continue until and unless terminated as hereinafter provided.

Article 5 — Creation Of Authority

Pursuant to Section 6500 *et seq*. of the California Government Code, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Association of California Water Agencies Joint Powers Insurance Authority. Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any party to this Agreement or of any District or Friend of ACWA.

Article 6 — Powers Of Authority

(a) The Authority shall have the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

(1) To make and enter into contracts;

(2) To incur debts, liabilities or obligations;

(3) To acquire, hold or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;

(4) To sue and be sued in its own name; and

(5) To exercise all powers necessary and proper to carry out the terms and provisions of this Agreement, or otherwise authorized by law.

(b) Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law, and in accordance with Government Code Section 6509, the foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Walnut Valley Water District as specified in The California Water District Law (California Water Code Sections 34000 *et seq*.).

Article 7 — Board Of Directors

(a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Member, who shall be a Member director selected by the governing board of that Member. Each Member, in addition to appointing its member of the Board, shall appoint at least one alternate who shall be an officer, member of the governing board, or employee of that Member. The alternate appointed by a Member shall have the authority to attend and participate in any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.

(b) Each Director or alternate of the Board shall serve until a successor is appointed. Each Director or alternate shall serve at the pleasure of the Member by which he or she has been appointed.

(c) Each Director representing a Member, or his or her alternate, shall have one vote.

Article 8 — Powers Of The Board Of Directors

The Board of Directors of the Authority shall have the following powers and functions:

(a) The Board shall elect from its voting members pursuant to Article 10 of this Agreement an Executive Committee.

(b) The Board may review all acts of the Executive Committee, and shall have the power to modify and/or reverse any decision or action of the Executive Committee upon a majority vote of the voting Directors present at any Duly Constituted Board Meeting.

(c) The Board shall review, modify if necessary, and approve the annual operating budget of the Authority, prepared by the Executive Committee pursuant to Article 11 (d).

(d) The Board shall receive and review periodic accountings of all funds under Articles 17 and 18 of this Agreement.

(e) The Board shall have the power to conduct on behalf of the Authority all business of the Authority, including that assigned to the Executive Committee, which the Authority may conduct under the provisions hereof and pursuant to law.

(f) The Board shall have such other powers and functions as are provided for in this Agreement or in the Bylaws.

Article 9 — Meetings Of The Board Of Directors

(a) **Meetings.** The Board shall provide for at least one annual regular meeting. It may also provide for adjourned regular meetings, special meetings, or meetings upon call of the President of the Board.

(b) **Minutes.** The Secretary of the Authority shall cause minutes of regular, adjourned regular, and special meetings (but not of any closed-session portion of any such meeting) to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to each Member.

(c) **Quorum.** Any fifty (50) voting members of the Board present when the meeting is called to order shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. A vote of the majority of those voting members present and voting in the prescribed manner at any Duly Constituted Board Meeting shall be sufficient to constitute action by the Board except as otherwise specifically set forth in this Agreement or in the Bylaws.

(d) **Compliance with the Brown Act.** All meetings of the Board, including, without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq*.

Article 10 — Executive Committee

(a) There shall be an Executive Committee of the Board of Directors which shall consist of nine (9) members, as provided in the Bylaws. The members of the Executive Committee shall be the President of the Board of Directors, the Vice President of the Board of Directors, the Vice President of the Association of California Water Agencies who shall be an *ex officio* member of the Executive Committee, and six (6) members elected by the Board of Directors from its voting members as provided in the Bylaws.

(b) The President of the Board, or the Vice President in his or her absence, shall serve as the Chair of the Executive Committee.

(c) The unexcused absence of a member of the Executive Committee, other than the Vice President of the Association of California Water Agencies, from two consecutive meetings may be cause for the removal of said member by the Executive Committee.

(d) Vacancies on the Executive Committee shall be filled as provided in the Bylaws.

Article 11 — Powers Of The Executive Committee

The Executive Committee shall have the following powers:

(a) The Executive Committee shall determine details of and select the joint protection program or programs of the Authority.

(b) The Executive Committee shall determine and select all insurance, including excess insurance and reinsurance, necessary to carry out the joint protection program or programs of the Authority.

(c) The Executive Committee shall have authority to contract for or develop various services for the Authority, including, but not limited to, claims adjusting, loss control and risk management consulting.

(d) The Executive Committee shall cause to be prepared the operating budget of the Authority for each fiscal year, subject to review, modification and approval by the Board, as provided for in Article 8 (c).

(e) The Executive Committee shall receive and act upon reports of all other committees and from the Chief Executive Officer.

(f) The Executive Committee shall appoint the Chief Executive Officer, Secretary, Treasurer, and Auditor/Controller of the Authority.

(g) The Executive Committee shall have the authority to engage, retain, and discharge persons, firms, or other organizations as the Executive Committee deems necessary for the administration of the Authority. The Executive Committee may delegate this authority to the Chief Executive Officer of the Authority.

(h) The Executive Committee shall exercise general supervisory control of and provide policy to the Chief Executive Officer.

(i) Additional committees and sub-committees shall be established by the Executive Committee as it deems necessary to best serve the interests of the Authority.

(j) The Executive Committee shall have such other powers and functions as are provided for pursuant to this Agreement.

Article 12 — Meetings Of The Executive Committee

The meetings of the Executive Committee shall be held and conducted as provided in the Bylaws. The Committee shall make periodic reports to the Board of Directors, advising the Board of its decisions and activities.

Article 13 — Officers Of The Authority

(a) **President and Vice President.** The Board shall elect a President and Vice President of the Board from its voting members for four-year terms. In the event the President or Vice President so elected ceases to be a member of the Board, the resulting vacancy in the office of President or Vice President shall be filled at the next regular meeting of the Board held after such vacancy occurs. The Executive Committee may appoint an interim President or Vice President, who shall be a voting member of the Board, pending action by the Board of Directors. In the absence or inability of the President to act, the Vice President shall act as President. The President, or in his or her absence the Vice President, shall preside at and conduct all meetings of the Board, and shall chair the Executive Committee.

(b) **Chief Executive Officer.** The Chief Executive Officer shall have the general administrative responsibility for the activities of the Authority and shall appoint all necessary employees thereof, subject to prior authorization of each position by the Executive Committee and shall perform such other duties as may be assigned by the Executive Committee.

(c) **Auditor/Controller.** The Auditor/Controller shall be appointed by the Executive Committee. The duties of the Auditor/Controller shall be as set forth in Articles 17 and 18 of this Agreement.

(d) **Secretary.** The Secretary shall be appointed by the Executive Committee and shall be responsible for all minutes, notices, and records of the Authority.

(e) **Treasurer.** The Treasurer shall be appointed by the Executive Committee. The duties of the Treasurer shall be as set forth in Articles 17 and 18 of this Agreement.

(f) The Executive Committee shall have the power to appoint such other officers as may be necessary to carry out the purposes of this Agreement.

Article 14 — Standing Committees

The Board or the Executive Committee may establish standing committees from time to time, as provided in the Bylaws.

Article 15 — Insurance Coverage

(a) The Authority shall maintain such levels of insurance coverage for Members as may be determined by the Executive Committee. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The Insurance coverages provided for Members by the Authority may include protection for comprehensive and economical public liability, property, workers' compensation, unemployment, health, and accident and/or dental coverage, or coverage for other risks which the Executive Committee may determine to be advisable.

(c) The Executive Committee may arrange for group policies to be issued for Members interested in obtaining additional coverage, at an additional cost to those participating Members.

(d) The Executive Committee may arrange for the purchase of Excess Insurance. The Executive Committee may discontinue purchase of this Excess Insurance, if at a future time it is no longer needed to protect the Authority's funds.

Article 16 —Implementation Of The Joint Protection Program

(a) The Board of Directors shall establish the insurance coverages provided for in Article 15, the amount of deposit premiums, and the precise cost allocation plans and formulas, and shall provide for the handling of claims, and the pro forma financial statements of each joint protection program, and shall specify the amounts and types of Excess Insurance or reinsurance to be procured.

(b) The Deposit Premium for each Member for each joint protection program shall be determined by the Executive Committee.

(1) Deposit Premiums shall be based on estimated costs for a given program year. Costs shall include estimates for claims, excess insurance/reinsurance, general & administrative expenses, program reserves and include an estimate for interest earnings.

(2) Each Member's share of the Deposit Premium for the given program year shall generally be based on its payroll and past loss history for the Liability and Workers' Compensation Programs and scheduled values for the Property Program.

The Executive Committee may make retrospective premium adjustments to prior program years.

(c) The Retrospective Premium Adjustment, and all other adjustments to the Authority's financial records respecting each Member shall be made annually. All premiums shall be due and payable within thirty (30) days after the invoice date.

(d) Inasmuch as some Members may experience an unusually high dollar value of losses during a single Policy Year, which would increase their Retrospective Premium substantially above the Deposit Premium for that joint protection program for that Policy Year and cause budgetary problems, the Executive Committee may allow for payment of a portion of such additional Retrospective Premium to be made over a period of time, not to exceed five years, with reasonable interest.

(e) The Executive Committee shall have the power to disburse or distribute reserve funds for their intended purposes.

Article 17 — Accounts And Records

(a) **Annual Budget.** The Authority shall annually adopt an operating budget, pursuant to Article 8 (c) of this Agreement.

(b) **Funds and Accounts.** The Treasurer of the Authority shall establish and maintain such funds and accounts as required by the Executive Committee and as required by generally accepted accounting principles. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members as otherwise required by law.

(c) **Treasurer's Report.** The Treasurer shall present a complete written report of all investment activities for the most recently completed fiscal year to the Board at its regularly scheduled meeting.

(d) **Annual Audit.** The Auditor/Controller shall provide for a certified, annual audit of the accounts and records of the authority, which audit shall be made by a certified public accountant and shall conform to generally accepted auditing standards. Such report shall be presented to the Executive Committee and, following its approval by the Executive Committee, shall be presented to the Board of Directors for concurrence.

Article 18 — Responsibility For Monies

(a) The Treasurer of the Authority shall have the authority to delegate the signatory function of Treasurer to such persons as are authorized by resolution of the Executive Committee.

(b) A bond in the amount determined adequate by the Executive Committee shall be required of all officers and personnel authorized to disburse funds of the Authority, such bond to be paid for by the Authority.

(c) The Treasurer of the Authority shall assume the duties described in California Government Code Section 6505.5, including:

(1) Receive and acknowledge receipt for all money of the Authority and place it in the treasury of the Authority;

(2) Be responsible upon his or her official bond for the safekeeping and disbursement of all of the Authority's money so held by him or her;

(3) Pay, when due, out of money of the Authority so held by him or her, all sums payable on outstanding bonds and coupons of the Authority;

(4) Pay any other sums due from Authority money only upon checks, warrants, or electronic payments approved by the Chief Executive Officer or his or her designee. The checks, warrants, or electronic payments shall be reviewed by the President of the Board and the Chair of the Finance & Audit Committee.

Article 19 — Responsibilities Of The Authority

The Authority shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Provide insurance coverage as necessary, including but not limited to a self-insurance fund and commercial insurance, as well as excess coverage, reinsurance, and umbrella insurance, by negotiation or bid, and purchase, as necessary.

(b) Assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority.

(c) Assist each Member's designated risk manager with the implementation of that risk management function as it relates to risks covered by the joint protection programs within the Member.

(d) Provide loss prevention and safety consulting services to Members as required.

(e) Provide claims adjusting and subrogation services for Claims covered by the Authority's joint protection programs.

(f) Provide loss analysis and control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles.

(g) Review Member contracts to determine sufficiency of indemnity and insurance provisions when requested.

(h) Conduct risk assessments for each Member.

(i) The Authority shall have such other responsibilities as deemed necessary by the Board of Directors or Executive Committee.

Article 20 — Responsibilities Of Members

Members shall have the following responsibilities:

(a) The governing board of each Member shall appoint a representative and at least one alternate representative to the Board of Directors, pursuant to Article 7 of this Agreement.

(b) Each Member shall appoint an employee of the Member to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

(c) It is recommended that each Member maintain an active safety officer and/or committee. Each Member shall consider all recommendations of the Authority concerning unsafe practices.

(d) Each Member shall pay its deposit premium and premium adjustments, including any Retrospective Adjustment, within thirty (30) days after the invoice date. After withdrawal or termination, each Member or its successor shall pay within 45 days to the Authority its share of any additional premium, when and if required of it by the Executive Committee under Article 24 or Article 25 of this Agreement.

(e) Each Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the joint protection programs under this Agreement.

(f) Each Member shall in any and all ways cooperate with and assist the Authority, and any insurer or reinsurer of the Authority, in all matters relating to this Agreement and covered claims, and shall also comply with all Bylaws, rules and regulations adopted by the Board of Directors and Executive Committee.

Article 21 — New Members

The Authority shall allow new Members entry into its joint protection programs only upon approval by the Board, or by the Executive Committee if specifically delegated such authority by resolution of the Board, which resolution may impose such conditions or limitations upon such authority of the Executive Committee as the Board deems appropriate. Members entering under this Article may be required to pay their share of the organizational expenses as determined by the Executive Committee, including expenses necessary to analyze their loss data and determine their Deposit Premiums.

Article 22 — Withdrawal

(a) A Member may withdraw as a party to this Agreement any time prior to its consenting in writing to enter the joint protection program.

(b) A Member that does not consent in writing to enter the joint protection program must withdraw as a party to this Agreement prior to the effective date of the program, or it will be considered to have voluntarily withdrawn upon such effective date.

(c) A Member that enters or has entered any pooled joint protection program may not withdraw as a participant of that program, as a party to this Agreement, or as a Member of the Authority, for a three-year period commencing on the Member's date of entry into said pooled joint protection program.

(d) After the initial three-year non-cancellable commitment to each pooled joint protection program, a Member may withdraw only at the end of said program's Policy Year, provided it has given the Authority a twelve-month written notice of its intent to withdraw from said pooled joint protection program.

   (1) No later than ninety (90) days prior to the end of said pooled joint protection program's Policy Year, any Member having given an Article 22 (d) conditional notice shall make clear to the Authority its final decision on withdrawal. Final notice of actual withdrawal must be given

and received by that date in clear, unambiguous form. The staff is instructed to rely on such final notice received on or before ninety (90) days prior to the end of the program's Policy Year, and no rescission of such final notice can be made after close of business ninety (90) days prior to the end of the program's Policy Year. If no such final notice is received by close of business on the required date, staff shall treat the original notice with all its conditions and ambiguities as final notice of withdrawal.

(2) Any participation by a former Member must be effected as a new Member. No benefits will be held over from the withdrawing Member's former status as a previous program participant.

(e) Members may withdraw from any group purchase program at the conclusion of its Policy Year, without being required to give the twelve-month written notice required for withdrawal from pooled joint protection programs.

(f) A Member may not withdraw as a party to this Agreement nor as a member of the Authority until it has withdrawn from all of the programs of the Authority.

Article 23 — Cancellation Of Membership Or Participation

(a) Notwithstanding the provisions of Article 22, the Authority shall have the right to cancel any Member's participation in any joint protection program upon a two-thirds vote of the voting Directors present at any Duly Constituted Board Meeting, provided that a reasonable time shall be afforded, at the discretion of the Board of Directors, to place coverage elsewhere.

(b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's programs, shall cease and be canceled automatically at the end of the next complete Policy Year for each program whenever such Member's membership in the Association of California Water Agencies, or its affiliation with said Association based on its meeting the criteria currently specified by ACWA for ACWA Affiliates – “Friends of ACWA,” ceases. Such automatic cancellation shall not relieve the Member of its responsibilities as provided for in Article 24 (b).

(c) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority’s programs, may be canceled at the discretion of the Executive Committee whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the discretion of the Executive Committee, to place coverage elsewhere. Any such cancellation shall not relieve the Member of its responsibilities as provided for in Article 24 (b).

Article 24 — Effect Of Withdrawal Or Cancellation

(a) The withdrawal or cancellation of any Member from this Agreement shall not terminate the same and a Member by withdrawing or being canceled shall not be entitled to payment or return of any premium, consideration or property paid, or donated by the Member to the Authority, or to any distribution of assets, except as provided in Article 25 (c).

(b) The withdrawal or cancellation of any Member after the effective date of any joint protection program shall not terminate its responsibility to contribute its share of deposit premium, premium adjustments or funds to any funds or insurance program(s) created by the Authority until all claims, or other unpaid liabilities, covering the Program period any part of which the Member was signatory thereto have been finally resolved and a determination of the final amount of payments due by the Member or credits to the Member for the period of its participation has been made by the Executive Committee. In connection with this determination, the Executive Committee may exercise similar powers to those provided for in Article 25 (b) of this Agreement.

Article 25 — Termination And Distribution

(a) This Agreement may be terminated at any time by the written consent of three-fourths (3/4) of the voting Members, provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Executive Committee is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members, including those which were signatory hereto at the time the Claim arose or was incurred, to pay their share of any additional amount of premium in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement. A Member's share of such additional premium shall be determined on the same basis as that provided for Retrospective Premiums in Article 16 (d) of this Agreement.

(c) Upon termination of this Agreement all assets of the Authority shall be distributed only among the Members that have been signatories hereto, including any of those Members which previously withdrew pursuant to Article 22 (d) or were canceled pursuant to Article 23 of this Agreement, in accordance with and proportionate to their cash contributions (including premium payments and property at market value when received) made during the term of this Agreement. The Executive Committee shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement.

(d) In the absence of an Executive Committee, the Chief Executive Officer/Secretary shall exercise all powers and authority under this Article. The decision of the Executive Committee or Chief Executive Officer/Secretary under this Article shall be final.

Article 26 — Provision For Bylaws And Manuals

As soon as practicable after the first meeting of the Board of Directors, the Board shall cause to be developed Authority Bylaws and a Mission Statement.

Article 27 — Notices

Notices to Members hereunder shall be sufficient if delivered to the principal office of the respective Member.

Article 28 — Amendment

This Agreement may be amended at any time by a two-thirds (2/3) vote of the voting Directors present at any Duly Constituted Board Meeting.

Article 29 — Prohibition Against Assignment

No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title or any part, share, interest, fund, premium or asset of the Authority.

Article 30 — Agreement Complete

The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

DATE: ____________________ ____

Member

BY:

____

Signature of Authorized Representative

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: OFFICE OF THE GENERAL MANAGER
CONTACT: JILL DUERIG/TOM HUGHES

AGENDA DATE: November 16, 2011 ITEM NO. 5b

SUBJECT: Zone 7 Water Agency Classified System

SUMMARY:

As the next sequential step in the ongoing transition of the Agency and its employees from Alameda County we are requesting that the Board authorize the attached policy and resolution.

A classified system is adopted in order to accomplish the following:

- Establish an equitable and uniform procedure regarding personnel matters
- Attract, recruit and retain the best qualified persons available for service with the Agency.
- Promote the efficient delivery of services by the Agency.
- Provide a comprehensive personnel system for the Agency classified service to ensure:
    - Appointment of persons to, transfer, promotion, demotion and suspension of persons in, and the separation of persons from Agency service is based on merit, fitness, and efficiency of Agency services, insofar as practicable by competitive examination and in accordance with state and federal law.
    - Positions of comparable duties and responsibilities will be similarly classified and compensated.
    - Employment tenure is subject to the satisfactory performance of duties and responsibilities and sufficient budget appropriations.
    - A reasonable degree of security for qualified employees

As with the existing County Classified System, the intent shall be to provide a fair and just approach to Agency employment in order that Agency employees may be selected and promoted on a merit basis and thereby enhance the efficiency of the public service.

The attached draft is based on a template provided by another independent special district, the Dublin San Ramon Services District. The draft was reviewed by staff and special outside counsel and staff recommends its adoption.

FINANCIAL: Adopting this policy has no fiscal impact on the agency.

RECOMMENDED ACTION: Adopt attached Resolution establishing the Zone 7 Water Agency "Classified System."

ATTACHMENTS: Resolution and Zone 7 Water Agency "Classified System"

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Establishing Classified Service System

BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby adopt the Zone 7 Water Agency Classified Service System; and

BE IT FURTHER RESOLVED that this policy shall be effective commencing January 1, 2012 or as soon as reasonable thereafter; and

BE IT FURTHER RESOLVED that the General Manager of Zone 7 is hereby authorized and directed to execute this policy.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011______________________________

By____
President, Board of Directors

Zone 7's Classified Service

I. PURPOSE

To establish an equitable and uniform procedure regarding personnel matters; to attract to Agency service the best and most competent persons available; to ensure appointments and promotions of employees will be based on merit and fitness for the position as determined insofar as practicable by competitive examination, and to provide a reasonable degree of security for qualified employees.

A personnel classification system is adopted in order to accomplish the following:

a) Recruit and retain the best qualified persons available for service with the Agency.

b) Promote the efficient delivery of services by the Agency.

c) Provide a comprehensive system for the Agency classified service to ensure:

1. Appointment of persons to, transfer, promotion, demotion and suspension of persons in, and the separation of persons from Agency service is based on merit, fitness, and efficiency of Agency services, in accordance with state and federal law.

2. Positions of comparable duties and responsibilities will be similarly classified and compensated.

3. Employment tenure is subject to the satisfactory performance of duties and responsibilities and sufficient budget appropriations.

II. DEFINITIONS

A. "Classified Service" shall mean the guiding personnel framework system for all Agency employees except:

a) Elected positions

b) Persons engaged under contract to supply expert professional services for a specified period of time

c) Volunteer personnel or student interns

d) Temporary or part-time employees, except persons permanently employed to fill classified part-time positions

e) General Manager

B. "Personnel Officer" shall mean the General Manager. In keeping with Zone 7's Resolution No. 09-3266, which states that "The Agency's General Manager has full charge and control of the day-to-day management, operation and administration of the Agency," the General Manager shall retain such powers but may delegate any of the powers and duties conferred upon him or her as Personnel Officer to any other employee of the Agency or may recommend that such powers and duties or any part of them may be performed under contract.

C. “Personnel Rules” shall mean the set of rules formulated by the General Manager and adopted by the Agency to implement this and other related personnel policies and procedures.

III. ADMINISTRATION OF THE SYSTEM

In keeping with Zone 7’s Resolution No. 09-3266, which states that “The Agency’s General Manager has full charge and control of the day-to-day management, operation and administration of the Agency,” the General Manager shall administer the personnel system. The intent shall be to provide a fair and just approach to Agency employment in order that Agency employees may be selected and promoted on a merit basis and thereby enhance the efficiency of the public service.

As administrative head of the Agency, the General Manager shall:

a) Prepare personnel rules, and revisions and amendments thereof.

b) Prepare a position classification plan, including class specifications, and revisions of the plan.

c) Prepare a salary and compensation plan, and revisions and amendments thereof, consistent with appropriations available through the existing annual Agency budget. Such compensation plan shall be in conformance with existing or future Memoranda of Understanding (MOU’S) with classified employees, where applicable.

d) The plans, rules, programs or amendments formulated by the General Manager shall have the same legal effect as if part of this ordinance. In cases of conflicting language, the applicable Memorandum of Understanding (MOU) shall supersede the language in this document.

IV. PROCEDURE

A. Adoption of Rules. The General Manager shall establish procedures to govern the following phases of the classified service system

a) The preparation, installation, revision and maintenance of a position classification plan covering all positions in the classified service.

b) The formulation of desirable minimum standards and qualifications for each class of position.

c) The public announcement of vacancies and examinations and the acceptance of applications for employment.

d) The preparation and conduct of entrance and promotional examinations and the establishment and use of employment lists containing names of persons eligible for appointment and promotion.

e) The certification and appointment of persons from employment lists to fill vacancies and the making of provisional and emergency appointments.

f) The evaluation of employees during the probationary period and throughout the entire period of employment.

g) The transfer, promotion, demotion and reinstatement of employees in the classified service.

h) The separation from Agency service through layoffs, suspensions, dismissals, for incapacity to perform required duties, or for other appropriate reasons.

i) The standardization of hours of work, attendance and leave regulations, and working conditions.

j) The creation and abolition of positions within the classified system, subject to confirmation by the Agency Board of Directors.

B. Status of current employees. Any person holding a position included in the Alameda County classified service who, on the effective date of this policy and procedure, shall already have attained regular status shall continue in regular status in the classified service in the position held on such effective date without a qualifying test, and shall thereafter be subject in all respects to the provisions of this policy and procedure and the personnel rules. Any other persons holding positions or employment in the classified service shall be regarded as holding their positions as probationers who are serving out the balance of their probationary periods before obtaining regular status, and the time served prior to the effective date of this policy and procedure shall be a portion of the probationary period.

C. Appointments.

a) Appointments to vacant positions of the classified service shall be made by the General Manager in accordance with the provisions of this ordinance and the personnel rules. Appointments and promotions shall be based on merit and fitness for the position and shall be assessed so far as practicable by examination. Examinations shall be used and conducted to aid in the selection of qualified employees, and shall consist of such recognized selection techniques as achievement and aptitude tests, other written tests, personal interviews, performance tests, evaluation of daily work performance, work sample, other recognized tests, or any combination of these, which will, in the opinion of the personnel officer, test fairly and effectively the qualifications of the candidates. Job-related physical and medical tests may be given as part of any examination or may take place after a conditional offer of employment. In any examination, the personnel officer may include, in addition to competitive tests, a qualifying test or tests and may set minimum standards for a position.

b) If appointment is to be made from employment or promotional lists, the names of all eligible persons willing to accept appointment shall be certified to the appointing authority.

c) In the absence of appropriate employment lists, a provisional appointment may be made of a person meeting the minimum qualifications for the position; provided, however, that an employment list shall be established for such position within one year.

D. Probationary Periods.

a) All original and promotional appointments shall be tentative and subject to a probationary period of such length as established in the personnel rules. During this probationary period, the employee may be rejected by the appointing authority at any time without right of appeal or hearing in any manner.

b) An employee rejected during the probationary period from a position to which he had been promoted shall be reinstated to the position from which he was promoted unless s/he is discharged as provided in this policy and procedure or the personnel rules.

c) The probationary period shall be regarded as part of the testing process and shall be utilized for closely observing an employee’s work, for securing the most effective adjustment of a new employee to his or her position, and for rejecting any probationary employee whose performance, in the opinion of the appointing authority, does not meet the required standards of work.

E. Abolition of Positions.

Whenever in the judgment of the Agency Board it becomes necessary in the interest of efficiency or economy or because the necessity for the position no longer exists, the Agency Board may abolish any position or employment in the classified service in the same manner as such position or employment was created.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Groundwater Section
CONTACT: Matt Katen

AGENDA DATE: November 16, 2011 ITEM NO. 5c

SUBJECT: Joint Funding Agreement with USGS for Stream Gage Improvements, Operations and Maintenance

SUMMARY:

- The attached Joint Funding Agreement (JFA) provides a cost-sharing mechanism for the U.S. Geological Survey (USGS) to continue operation and maintenance (O&M) of two stream gages in the Livermore Valley (Arroyo Valle near Livermore [AVNL] and Arroyo de la Laguna at Verona [ADLLV]).
- Zone 7 has been participating in this cost-sharing arrangement with the USGS for approximately 13 years; however the cost has been increasing with time due to inflation and the addition of enhanced recording capabilities.
- At Zone 7's request, the USGS has added the installation of continuous stream temperature monitoring equipment at AVNL and one year O&M for the equipment to the JFA scope of work.
- Continuous stream temperature monitoring is a necessary input for Zone 7's ongoing studies for our water rights permit on the Arroyo Valle.
- The cost for adding stream temperature monitoring to AVNL is $7,150 (including a one-time $2,950 construction expense) making Zone 7's total share of the 2012 water year cost $31,375.
- Zone 7 Board Resolution 08-3125 authorizes the General Manager to enter into partnering and/or joint funding agreements with other public agencies wherein Zone 7's level of participation is less than $25,000 annually per agreement.
- Because it is likely that Zone 7 will need to continue contracting with the USGS for future surface water monitoring needs within the Valley at a participation level of greater than $25,000, staff recommends that the Board authorize the General Manager to execute the attached JFA as well as any future JFAs with the USGS for Water Resources Investigations in annual amounts up to $50,000.

FUNDING:
Funding for Zone7's $31,375 share in this Joint Funding Agreement is available in the FY 2011-12 budget, with approximately 91% from Fund 52-Water Enterprise and 9% from Fund 72-Renewal Replacement/System-Wide Improvements.

RECOMMENDED ACTION:
Adopt the attached resolution authorizing the General Manager to enter into joint funding agreements with the USGS for Water Resources Investigations wherein Zone7's level of participation is less than $50,000 annually per agreement.

ATTACHMENTS:

- Memorandum providing additional background information
- Zone 7 Board Resolution
- Joint Funding Agreement with USGS for Water Resources Investigations

Interoffice Memo

Date: November 16, 2011
To: Jill Duerig, General Manager
From: Matt Katen, Principal Geologist, Groundwater Section
Subject: Joint Funding Agreement with USGS for Stream Gage Improvements, Operations and Maintenance

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

BACKGROUND:

Zone 7 tracks surface water flow at nine stream gaging stations throughout the basin; three of which are owned and operated by the U.S. Geological Survey (USGS). The data from these stations is used in our stream recharge, salt loading, quarry monitoring, fisheries, water rights and flood control programs. Since 1998, Zone 7 has been participating in a USGS sponsored cooperative water resources program, along with Alameda County Water District (ACWD), to share the cost of the operation and maintenance (O&M) for the Arroyo Valle near Livermore (AVNL) stream gage. In 2003, the gage at Arroyo de la Laguna at Verona (ADLLV) was added to the agreement following budget cuts at the USGS. The third USGS station, Arroyo Valle Below Lang Canyon (AVBLC), is still operated and maintained by the USGS without cost to Zone 7 or ACWD.

For AVNL and ADLLV, USGS personnel have been providing the O&M, data management, quality assurance/quality control (QA/QC), and online reporting, while ACWD, USGS and Zone 7 share the expense for the effort. The contractual instrument for the cost sharing arrangement has been a 'Joint Funding Agreement' (JFA) provided by the USGS (U.S. Dept. of Interior). Over the previous years, Zone 7's share of the expense has risen with respect to USGS's labor cost and expense increases.

DISCUSSSON:

Zone 7 staff requested that the USGS add continuous stream temperature data collection to the other data collected at AVNL, as they do at ADLLV. Staff plans to use the stream temperature data along with the stream flow data already being recorded at AVNL and ADDLV in our evaluation of aquatic habitats along these reaches as they apply to Zone 7's water rights permit. The cost to Zone 7 for the USGS to install the continuous temperature equipment at AVNL is $2,950, whereas the annual cost for USGS to maintain the equipment, download and process the data (including QA/QC), and make it available to Zone 7 via their National Water Information System is $4,950.

In 2008, the Zone 7 Board adopted Resolution 08-3125, which authorized the General Manager to enter into partnering and/or joint funding agreements with other public agencies wherein Zone 7's level of participation is less than $25,000 annually per agreement.

This year, the total stream gauging program cost for Zone 7, including the addition of temperature monitoring at AVNL, is $31,375 which exceeds the current GM's authority for joint funding with other public agencies. Staff anticipates that Zone 7's future JFA costs will continue to exceed the $25,000 limit as stream temperature monitoring is becoming increasingly critical for environmental tracking of the habitat component of stream studies, environmental impact studies and environmental permitting for projects impacting riparian corridors, especially since USEPA has designated many local arroyos as "temperature impaired."

Regardless of temperature monitoring, the cost for the basic flow and water quality data being collected at the two gages and processed by USGS will likely exceed $25,000. Therefore, to facilitate the timely execution of future JFAs with USGS, staff recommends Board authorization for the General Manager to enter into JFAs with the USGS for water resources investigations for up to $50,000 annually per agreement.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Joint Funding Agreement with USGS for Stream Gage Improvements, Operations and Maintenance

WHEREAS, stream flow, temperature and certain water quality data from three U.S. Geological Survey (USGS)-owned and operated stream gages located in Livermore Valley arroyos are necessary inputs for various ongoing Zone7 programs and studies; and

WHEREAS, Zone 7 has entered into annual Joint Funding Agreements with the USGS for the cost–sharing of stream gage operation and maintenance for at least 13 years; and

WHEREAS, Zone 7's cost-share associated with the USGS effort has risen over the years and now exceeds the $25,000 General Manager's authority for executing joint funding agreements with other public agencies, as provided by Zone 7 Resolution No. 08-3125, and

WHEREAS, Zone 7's annual cost-share is expected to continue to exceed $25,000 in the future, and Zone 7 will continue to need the data provided by the USGS under these future agreements.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to enter into joint funding agreements with the USGS for water resources investigations, for a not-to-exceed cost to Zone 7 of $50,000 annually per agreement.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011____________________

By____________________________

President, Board of Directors

United States Department of the Interior

U.S. GEOLOGICAL SURVEY
California Water Science Center
6000 J Street, Placer Hall
California State University
Sacramento, California 95819-6129
Phone: (916) 278-3000 Fax: (916) 278-3070
http://water.wr.usgs.gov

October 7, 2011

Mr. Matt Katen
Alameda County Zone 7 Water Agency
Attn: Accounting
100 North Canyons Parkway
Livermore, California 94551

Dear Mr. Katen:

This letter confirms discussions between our respective staffs, concerning a cooperative water resources program between the Alameda County Zone 7 Water Agency (Zone 7) and the U.S. Geological Survey (USGS) for the period November 1, 2011 to October 31, 2012.

The proposed program and associated costs are as follows:

Station number and name	**Zone 7 Funds**	**Alameda Co. WD Funds**	**USGS Funds**	**Total Funds**
11176500 Arroyo Valle near Livermore	$11,300	$11,300	$ -0-	$22,600
Continuous water quality monitors				
Temperature, continuous (in conjunction with full O&M)	4,200	-0-	-0-	4,200
Construction Cost of temperature record	2,950	-0-	-0-	2,950
11176900 Arroyo de la Laguna at Verona	6,775	6,775	9,050	22,600
Continuous water quality monitors				
Temperature and conductance, continuous (in conjunction with full O&M)	4,950	4,950	-0-	9,900
pH	1,200	1,200	-0-	2,400
TOTAL	**$31,375**	**$24,225**	**$9,050**	**$64,650**

Total cost of the proposed program is $64,650. Zone 7 is responsible for $31,375 and the Alameda County Water District (County) is responsible for $ 24,225. The cost for operation and mainenance of these gaging stations as well as the continuous water quality monitors for the gaging station Arroyo de la Laguna at Verona (11176900) will be shared equally between Zone 7 and the County. The cost for the temperature monitor for the gaging station Arroyo Valle near Livermore (11176500) will be covered by Zone 7. Subject to the availability of Federal matching funds, the USGS will provide $ 9,050 to be shared equally between Zone 7 and County in the amount of $ 4,525 each for the station Arroyo de la Laguna at Verona (11176900).

Enclosed, are three originals of Joint Funding Agreement (JFA), 12WSCA13700 for your approval. Work performed with funds from this agreement will be conducted on a fixed-price basis. If you are in agreement with this proposed program, please return two signed JFAs to our office. The third JFA is for your records, pending USGS approval. Upon approval, a fully executed JFA will be forwarded for your records.

The USGS is required to have an agreement in place prior to any work being performed on a project. We request that the JFAs be returned prior to November 1, 2011. If they are not received by November 1, we will be required to suspend operations until an agreement is received.

If you have any questions concerning this program, please contact Mike Webster, in our Ukiah Field Office, at (707) 468-4042. If you have any administrative questions, please contact Tammy Seubert, in our Sacramento Office, at (916) 278-3040.

Sincerely,

Eric G. Reichard
Director, USGS California Water Science Center

Enclosures

cc: Mike Webster, USGS CAWSC

Form 9-1366
(Oct. 2005)

U.S. Department of the Interior
U.S. Geological Survey
Joint Funding Agreement

Page 1 of 2

Customer #:	6000000948
Agreement #:	12WSCA13700
Project #:	
TIN #:	94-6000501
Fixed Cost Agreement	☑ Yes ☐ No

FOR
WATER RESOURCES INVESTIGATIONS

THIS AGREEMENT is entered into as of the 1st day of November, 2011, by the U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the ALAMEDA COUNTY ZONE 7 WATER AGENCY, party of the second part.

1. The parties hereto agree that subject to availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for cooperative water resources investigations in the Alameda County Zone 7 Water Agency area, herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50; and 43 USC 50b.
2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) includes In-Kind Services in the amount of $0.

(a) $4,525.00 by the party of the first part during the period November 1, 2011 to October 31, 2012

(b) $31,375.00 by the party of the second part during the period November 1, 2011 to October 31, 2012

USGS DUNS IS 1761-38857.

(c) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.

(d) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.

3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.
4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.
5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.
6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.
7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

Page 2 of 2

Form 9-1366 continued	**U.S. Department of the Interior U.S. Geological Survey Joint Funding Agreement**	**Customer #:**	**6000000948**
		Agreement #:	**12WSCA13700**
		Project #:	
		TIN #:	**94-6000501**

8. The maps, records, or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records, or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at costs, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records, or reports published by either party shall contain a statement of the cooperative relations between the parties.
9. USGS will issue billings utilizing Department of the Interior Bill for Collection (form DI-1040). Billing documents are to be rendered **quarterly**. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983).

U.S. Geological Survey
United States
Department of the Interior

USGS Point of Contact

Name: Tammy Seubert
Address: 6000 J Street, Placer Hall
Sacramento, CA 95819-6129
Telephone: 916- 278-3040
Email: tseubert@usgs.gov

Signatures

By________________ Date________
Name: Eric G. Reichard
Title: Director, USGS California Water Science Center

By________________ Date________
Name:
Title:

By________________ Date________
Name:
Title:

ALAMEDA COUNTY ZONE 7 WATER AGENCY

Customer Point of Contact

Name: G. F. Duerig, General Manager
Address: 100 North Canyons Parkway
Livermore, California 94551
Telephone: 925-454-5042
Email:

Signatures

By________________ Date________
Name:
Title:

By________________ Date________
Name:
Title:

By________________ Date________
Name:
Title:

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Finance and Business Services
CONTACT PERSON: Tamara Baptista

AGENDA DATE: November 16, 2011 ITEM NO. 5d

SUBJECT: Financial Management Framework

SUMMARY:

- Zone 7 is pursuing separation from Alameda County. As part of separation from Alameda County, an agency financial management framework is desired to provide direction to staff for managing the agency's finances.
- The purpose for the financial management framework is to assure that Zone 7 prudently manages its funds and maintains financial and accounting records of all transactions in accordance with generally accepted accounting principles and practices.
- In keeping with Resolution No. 09-3266, which states that "The Agency's General Manager has full charge and control of the day-to-day management, operation and administration of the Agency," this financial management framework further states that the General Manager shall have primary jurisdiction, responsibility, and authority for all matters pertaining to the day-to-day financial management of the Agency.
- Existing policies for reserves will also be preserved. Additional financial policies and procedures that meet the intent of the Board to ensure its mission by providing financial health and stability to the Agency will be developed as needed.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt resolution establishing a Financial Management Framework.

ATTACHMENT:

Zone 7 Financial Management Framework

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

WHEREAS, Zone 7 Water Agency is pursuing separation from Alameda County and as one sequential step in the separation, an agency financial management framework should be developed to provide direction to Zone 7 in managing its finances.

WHEREAS, the purpose for the financial management framework is to direct Zone 7 staff to prudently manage the Agency's funds and to maintain financial and accounting records of all transactions in accordance with generally accepted accounting principles and practices.

NOW THEREFORE BE IT RESOLVED that this financial management framework directs the General Manager to retain primary jurisdiction, responsibility, and authority for all matters pertaining to the day-to-day financial management of the Agency.

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

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011______________________________

By____
President, Board of Directors

Financial Management Framework

1. Purpose

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

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

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

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

2. Administration of the system

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

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

3. Security of the system

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

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

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: November 16, 2011 ITEM NO. 5e

SUBJECT: ACWA OFFICER ELECTIONS AT FALL CONFERENCE

SUMMARY:

The Association of California Water Agencies (ACWA) is holding its Elections of Officers for the upcoming 2012-2013 term. As in the past, ACWA requests that each member agency designate its voting representative.

This year, the ACWA Officer Nominating Committee has selected Randy Record of Eastern Municipal Water District (ACWA's 2010-2011 Vice President) as its candidate for President and John Coleman of East Bay Municipal Utility District as its candidate for Vice President. Floor nominations will be solicited and a vote will take place.

Staff recommends naming a voting representative and providing direction for casting Zone 7's vote. A draft resolution has been prepared assuming the board decides to concur with the nominating committee's recommendations and decides to authorize the Board President, who is planning to attend the Fall Conference, to cast such a vote.

FINANCIAL:

There are no costs associated with this item since the Board President is already attending the Fall Conference.

RECOMMENDED ACTION:

Adopt attached Resolution.

Attachment: Resolution

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Designating Zone 7's Voting Member for ACWA's Officer Elections

WHEREAS, the Association of California Water Agencies (ACWA) has requested that each member agency designate a person to cast the agency's vote in its Officer Elections; and

WHEREAS, John Coleman President of the East Bay Municipal Utility District Board of Directors has been selected by the Nominating Committee to be placed on the recommended slate as ACWA Vice President; and

WHEREAS, Zone 7 endorses Mr. Coleman's candidacy as ACWA Vice President.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District authorizes President Sands Figuers to cast the Zone 7 Water Agency vote in the ACWA Officer Elections; and

BE IT FURTHER RESOLVED, that the Board directs President Figuers to cast such vote for John Coleman as ACWA Vice President and such other candidates as deemed appropriate at the 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 the Alameda County Flood Control and Water Conservation District on

November 16, 2011

By____
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: November 16, 2011 ITEM NO. 6a

SUBJECT: Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in October and selected the Employee of the Month for September 2011 according to the established Program Guidelines. The individual chosen out of the submitted nominations is then recommended to Management for approval and there is a subsequent announcement of the selection to all Agency employees.

Taaque Tesfayohannes, Water Quality Chemist, has been chosen from among those nominated as the September 2011 Employee of the Month. Taaque has worked in the Water Quality Lab based at the Del Valle Water Treatment Plant for over 20 years. According to the recommendation the committee received, Taaque is a very dedicated Water Quality Chemist. He is very strong in maintaining good documentation that is essential and a requirement for legally defensible data. His excellent troubleshooting skills help to keep sophisticated analytical instruments in good working condition. Taaque learns easily from service engineers during service calls and many times he has avoided expensive service calls with his attention to detail during service engineer site visits. Taaque always keeps supervisors informed about his short and long term plans and schedules long vacations well in advance to minimize the impact on critical work functions. He is always willing to do whatever is needed to complete the tasks at hand. Therefore Taaque is recognized as a valuable employee and an asset to Zone 7.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Taaque Tesfayohannes as September 2011 Employee of the Month.

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

ORIGINATING DIVISION: Finance and Business Services
CONTACT PERSON: Karen Bartels/JaVia Green

AGENDA DATE: November 16, 2011 ITEM NO. 7

SUBJECT: Contract Extension for Information Technology Services

SUMMARY:

- In June 2008, the Board authorized the General Manager to negotiate and execute a 30-month information technology services contract with LanLogic, Inc., for a not-to-exceed amount of $524,630.
- The contract terms provided options to extend the contract for up to two one-year terms at a mutually agreed upon negotiated price. In November 2010, the Board authorized a contract amendment extending the term for one year for an amount of $219,836, so one such option to extend remains.
- The existing contract expires on December 31, 2011.
- LanLogic has performed satisfactorily and Zone 7 has a continuing need for information technology services.
- LanLogic proposes to provide services for a not-to-exceed amount of $219,836 at the same hourly rates of: $162 per hour during normal business hours and $225 per hour nights and weekends.
- Staff recommends extending the contract with LanLogic for one additional year with a new expiration date of December 31, 2012 for a not-to-exceed amount of $219,836.

FUNDING:

Funds for these services are available in Fund 50 – Flood Control and Fund 52 – Water Enterprise.

RECOMMENDED ACTION:

Adopt the attached resolution authorizing the General Manager to finalize and execute a contract amendment extending the professional services agreement with Lanlogic, Inc., for one year, to expire on December 31, 2012, in an amount not-to-exceed $219,836.

ATTACHMENT:

Resolution

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

WHEREAS, Zone 7 has an existing agreement with LanLogic Inc. to provide desktop and network computer maintenance and information technology support services; and

WHEREAS, the existing agreement expires on December 31, 2011; and

WHEREAS, the existing agreement contains provisions for up to two one-year extensions; and

WHEREAS, LanLogic has performed satisfactorily and Zone 7 has a continuing need for information technology services.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to finalize and execute a contract amendment extending the professional services agreement with LanLogic, Inc. for one additional year, to expire on December 31, 2012, at a not-to-exceed cost of $219,836 for that year.

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

November 16, 2011 ______________________________

By ____
President, Board of Directors

M E M O R A N D U M

DATE: October 24, 2011

TO: Jill Duerig, General Manager

FROM: Karen Bartels, Buyer II

SUBJECT: **Amendment No. 2 – A09-11-LAN, Request Contract Extension for Information Technology Services Contract**

BACKGROUND:

In June 2008, the Board authorized the General Manager to negotiate and execute an Information Technology Services contract with LanLogic, Inc. for a not-to-exceed amount of $524,630. The contract covered the periods of fiscal years 2008/2009, 2009/2010 and fiscal year 2010/2011 through December 2010. The contract contained terms allowing it to be extended up to two times for a year each time. At the November 17, 2010 meeting, the Board approved a first amendment extending the contract for the period of January 1, 2011 through December 31, 2011.

The contract with LanLogic, Inc., provides desktop and network computer maintenance and information technology support services as needed.

DISCUSSION:

Contract A09-11-LAN will expire on December 31, 2011.

The contract provides the option of extending the agreement for services for two one-year terms at a mutually agreed amount. The first of these extensions was exercised for the period of January 1, 2011 through December 31, 2011.

Staff is satisfied with the performance of LanLogic, Inc. and therefore recommends extending Contract A09-11-LAN for a second one-year term, January 1, 2012 through December 31, 2012 for a not-to-exceed amount of $219,836.

Attached is a resolution authorizing the General Manager to negotiate and execute a Contract Amendment with Lanlogic, Inc. to provide information technology services for calendar year 2012 for a not-to-exceed amount of $219,836. The hourly rates have not changed since 2008 and remain at $162 per hour during normal business hours and $225 per hour nights and weekends. A revised fee proposal is attached for your information.

FINANCING:

Funds for these services will come from Fund 50 – Flood Control and Fund 52 – Water Enterprise.

RECOMMENDED ACTION:
Adopt resolution authorizing the General Manager to negotiate and execute a Contract amendment extending the professional services agreement with Lanlogic, Inc., for calendar year 2012 in an amount not to exceed $219,836.

APPENDIX B
Payment Schedule

Revised Fee Schedule for Contract A09-11-LAN, Amendment No. 2 for the period January 1, 2012 through December 31, 2012.

Current plan through **Dec 31st 2011**: (one full year)

Maintenance	$161,596.00
Professional Services	$20,800.00
SCADA Support	$37,440.00

Total	$219,836.00

Jan 1, 2011 through June 30, 2012 (FY 11/12): (recommended breakdown 6 months)

Maintenance	$92,768.00
Professional Services	$10,400.00
SCADA Support	$6,750.00

Total	$109,918.00

July 1, 2012 – Dec. 31, 2012 (FY 12/13): (recommended breakdown 6 months)

Maintenance	$92,768.00
Professional Services	$10,400.00
SCADA Support	$6,750.00

Total	$109,918.00
Total Contract Amt.	**$219,836.00**

Hourly Rates:

$162 per hour during normal business hours (estimated)

$225 per hour nights and weekend

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Finance and Business Services
CONTACT PERSON: Karen Bartels/Tamara Baptista

AGENDA DATE: November 16, 2011 ITEM NO. 8

SUBJECT: Financial Software Agreement

SUMMARY:

- Zone 7's existing financial software is outdated, does not meet the organization's needs in several key areas, and will no longer be supported by the software provider.
- Zone 7 needs to replace the financial software to meet existing needs as well as to add functionality to support other general business needs as we become more financially independent from the County.
- In June 2011, proposals were requested from three providers, all of whom submitted proposals.
- After conducting a comprehensive evaluation process, New World Systems was determined to offer the product that best met Zone 7's needs in a financial software package.
- It is recommended that the General Manager be authorized to negotiate and execute an agreement with New World Systems to provide financial software and implementation services for a not to exceed amount of $381,000.

FUNDING:

Funding is budgeted and available for Fiscal Year 2011/2012 from the following funds:

Fund 50 – Flood Control (approximately $38,100)
Fund 52 – Water Enterprise (approximately $342,900)

RECOMMENDED ACTION:

Adopt resolution authorizing the General Manager to negotiate and execute an agreement with New World Systems to provide financial software and implementation services for an amount not to exceed $381,000.

ATTACHMENTS:

Background Memorandum
Resolution

M E M O R A N D U M

DATE: November 16, 2011

TO: Jill Duerig, General Manager

FROM: Karen Bartels, Buyer II and Tamara Baptista, Financial & Systems Services Manager

SUBJECT: Financial Software Agreement

BACKGROUND:

The Agency's existing financial software product is outdated and does not meet the organization's needs in several key areas. Additionally, we were notified that our existing financial software will no longer be supported in the near future and will be discontinued.
As a result the Agency needs a software product to replace the financial and accounting functions of the current product and, if possible, add functionality to support other general business needs as we become more financially independent from the County.

DISCUSSION:

Management Partners, Inc. assisted staff with functional requirements, searching for qualified providers and developing the Request for Proposal (RFP). On June 10, 2011 staff issued the RFP for Financial and Business Services Systems software. On July 15, 2011, four proposals from three providers were received. Tyler Technologies submitted two different software proposals.

Vendor	Software
New World	Logos.NET
Springbrook	Springbrook
Tyler Technologies	MUNIS
Tyler Technologies	InCode

A six-member Evaluation Committee comprised of staff was formed to review the proposals based on criteria specified in the RFP. The Evaluation Committee used the technical expertise of one consultant familiar with procuring similar software solutions as well as an Information Technology consultant to help evaluate the technology components. The criteria used to rate the proposals included:

- Statement of Qualifications
- Functionality – (used to understand the functionality of the software, its appropriateness for Agency use, and its ease of use.)
- Technology

- Services and Support – (The Agency requires installation and continued support and maintenance from the Vendor. Training in the effective use of the product, the quality of the service program, and an effective enhancement or upgrade program is of particular interest to the Agency.)
- Training Program and Resources
- Cost
- Customer References
- Contract Terms

The Evaluation Committee reviewed and rated each proposal against the stated evaluation criteria. Tyler Technologies (MUNIS) and New World Systems (Logos.NET) were ranked as the top two proposers and selected by the Committee to give product demonstrations based on the functionality of each product. Follow up questions were issued to both providers and on September 27, 2011, site visits were conducted. Reference checks were performed. The Evaluation Committee's job was to select the product that was the best fit for Zone 7.

Based on these criteria, the evaluation committee selected New World Systems software, Logos.NET, to best meet the functional needs of the organization at a fair and reasonable price. The FY 2011/12 budget for this project is $450,000 and New World Systems cost proposal was $330,900 plus a 15% contingency for a not to exceed total of $381,000. In addition the annual software maintenance fee is $35,000. We currently pay around $8,000 for the annual maintenance fee of our existing software, so the net additional cost for the annual maintenance fee is $27,000. There is also a nominal annual maintenance fee for ALCOlink Financials, the County's financial software which will eventually be eliminated once Zone 7 transitions to the new financial software and operates independently.

New World has 390 employees and is 100 percent dedicated to the local government market. Their clients included over 1,000 municipalities throughout their 29 years. Their financial software consists of various modules, such as General Ledger, Budget Management, Accounts Payable, Revenue/Cash Receipting, Asset Management, Project Accounting and Procurement. Some optional modules include Parcel Management, permits, and business analytics.

RECOMMENDED ACTION:

Adopt resolution authorizing the General Manager to negotiate and execute an agreement with New World Systems to provide financial software and implementation services for an amount not to exceed $381,000.

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Authorizing a New Financial Software Agreement

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute an agreement with New World Systems to provide financial software and implementation services for a not to exceed amount of $381,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011______________________________

By____
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Facilities Engineering
CONTACT: Sal Segura/Rhett Alzona

AGENDA DATE: November 16, 2011 ITEM NO. 9

SUBJECT: Western Area Power Administration (WAPA) and Power and Water Resources Pooling Authority (PWRPA) Agreements

SUMMARY:

- Zone 7 currently buys electricity from Pacific Gas & Electric (PG&E) for its water production facilities.
- Zone 7 applied for and received an allocation from Western Area Power Administration (WAPA) effective in 2015.
- The Power and Water Resources Pooling Authority (PWRPA) is a Joint Powers Authority (JPA) with 15 members, each having a WAPA Base Resource Contract (BRC) allocation which they pool and share amongst members to realize savings compared to purchasing from PG&E.
- By joining and assigning Zone 7's future WAPA allocation to PWRPA, Zone 7 will be able to share in the pool for alternative power. However, Zone 7 is not eligible to become a full participating member of PWRPA until 2015 and pending PWRPA's Board approval.
- To take advantage of energy cost savings now, Zone 7 and PWRPA are negotiating an Interim Electric Services Agreement (IESA). This interim agreement is a prelude to full participation in PWRPA and will remain in effect until Zone 7 becomes a full participating PWRPA member.
- Upon execution of the IESA, Zone 7 will have several costs including $90,000 as a contribution to PWRPA's reserve fund, a not to exceed amount of $10,000 for PWRPA staff efforts, a buy-in fee ranging from $65,000 to $130,000 for expenses incurred by PWRPA members to form the JPA in 2004.
- In addition to the IESA, PWRPA also requires the installation of certain electrical distribution facilities which will cost approximately $550,000 and will require a distribution facilities agreement.
- The total start-up costs plus capital costs ($660,000) are expected to be recovered in four to five years through energy rate savings.

FUNDING:
The $90,000 reserve fund contribution and additional $10,000 in administrative cost in FY 2011/12 will be funded from Fund 52 -Water Enterprise. The $550,000 cost to install distribution facilities will be funded from Fund 72-Renewal Replacement / System-Wide Improvements and this cost will be phased over two years with $160,000 in FY 2011/2012 and $390,000 in FY 2012/2013. Funds are available in FY 2011/12 approved budget to cover FY 2011/12 funding needs.

RECOMMENDED ACTION:
Adopt the attached resolution authorizing the General Manager to negotiate and execute; 1) the Base Resource Contract with Western Area Power Administration; 2) the Interim Electric Services Agreement with PWRPA; and 3) the Distribution Facilities Agreement with PWRPA.

ATTACHMENTS:
1) Interoffice Memo, 2) Zone 7 Board Resolution, 3) Draft Base Resource Contract (WAPA), 4) Draft Interim Electric Services Agreement (PWRPA), and 5) Distribution Facilities Agreement (PWRPA)

Interoffice Memo

Date: November 16, 2011
To: Jill Duerig, General Manager
From: Sal Segura, Associate Civil Engineer
Subject: Western Area Power Administration (WAPA) and Power and Water Resources Pooling Authority (PWRPA) Agreements

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

BACKGROUND:

Zone 7 is constantly looking for opportunities to reduce the cost of operations. In 2006, Zone 7's energy cost was $0.9 Million (M). By 2011, it had increased to $1.8M due to the addition of new facilities and PG&E rate increases. In May 2011, Zone 7 entered a Power Purchase Agreement to buy solar energy at DVWTP at a 20% savings compared to PG&E but this provides less than half the power for DVWTP. Additional cleaner, cheaper options have been sought.

Over the last five years, staff has been pursuing two potential electric utilities for the purpose of acquiring lower cost, cleaner electrical service. Western Area Power Administration (WAPA) and Power and Water Resources Pooling Authority (PWRPA) have both proven to be viable utilities that rely largely on hydroelectric power and are expected to potentially reduce Zone 7 energy costs between $0.3M and $0.7M per year starting in 2015. WAPA is a Federal agency which generates power through the Central Valley Project (CVP) hydroelectric projects and provides low-cost energy to many public entities, including the State Water Project. PWRPA is a Joint Powers Authority (JPA) formed in 2004 to optimize the water and energy resources as well as protect the interests of its members. PWRPA members each have an allocation of Base Resource power from WAPA. The PWRPA members pool and share their Base Resource Contract (BRC) allocations under the terms of an Aggregation Services Agreement (ASA) and PWRPA purchases supplemental power in the open market to augment BRC allocations and meet its member agency power needs.

In order for Zone 7 to eventually become a full participating member of PWRPA, Zone 7 will need to acquire and assign its WAPA BRC allocation to PWRPA when it becomes effective in 2015. Until then, as there is a benefit to using lower cost alternative power from PWRPA now, Zone 7 is proposing to receive power from PWRPA prior to 2015.

DISCUSSION:

Zone 7 applied for and received an offer of a BRC allocation in 2010 from WAPA. While its allocation of 525 Megawatt-hours (MWh) does not become effective until 2015, Zone 7 needs to execute the Base Resource Contract soon to reserve its future allocation. A draft Base Resource Contract from WAPA is currently under review.

On June 1, 2011 Zone 7 signed a letter agreement with PWRPA for a not-to-exceed amount of $25,000 to explore the possibility and start the administrative process for Zone 7 to receive service from PWRPA at four Zone 7 facilities via an Interim Electric Service Agreement (IESA) prior becoming a full member in 2015. The IESA enables Zone 7 to receive alternative power from PWRPA. However, until Zone 7 has a BRC allocation to contribute to the aggregate pool, Zone 7 cannot become a full member of PWRPA. Although the benefits from the IESA are less than those received by full participation in PWRPA, it still represents a potentially significant cost savings over PG&E rates.

The Distribution Facilities Agreement provides the terms and conditions for required electric distribution facilities for PWRPA to provide retail power to Zone 7. The distribution facilities will be interconnected with PG&E's wholesale distribution system, and PWRPA will receive wholesale transmission service from PG&E for delivery of electricity to Zone 7 via the distribution facilities. Accordingly, PWRPA will need to coordinate with PG&E to abide by terms and conditions under all applicable interconnection and distribution service tariffs under what is known as the 'Wholesale Distribution Tariff' Service Agreement (WDT).

Four Zone 7 facilities are identified as having large enough power needs to warrant a cost effective transition to a PWRPA power supply. Another six facilities or more could potentially be added in the future. The four facilities currently designated for PWRPA supplies are as follows: (1) Mocho Demineralization Plant, (2) Mocho Well No. 3, (3) Mocho Well No. 4, and (4) Patterson Pass Water Treatment Plant

The estimated cost to install distribution facilities and transition from direct PG&E power to PWRPA service is $550,000. Of this total, $160,000 will be expended in Fiscal Year 2011-2012 and the remaining work $390,000 will be budgeted and expended in Fiscal Year 2012-2013. Funding for the distribution facilities at four Zone 7 facilities totaling $550,000 will be provided from Fund 72- Renewal Replacement and System-Wide Improvements. The following table is a summary of anticipated costs and funding plan.

Description of Cost	**Amount ($ x 1000)**	**Fiscal Year**	**Fund**
PWRPA administrative cost	$35	2011-12	52
Reserve Fund Contribution	$90	2011-12	52
Total Start-up Cost	**$100**	**2011-12**	**52**
Design/Install distribution facilities at PPWTP Design for Mocho 3&4, and Demin Plant	$160	2011-12	72
Install distribution facilities at three remaining sites	$390	2012-13	72
Total Capital Cost	**$550**	**2011-13**	**72**
PWRPA Buy-In Contribution	$65 - $130		52
Project Total	**$740 - $805**	**2011-15**	**52/72**

The estimated payback on capital and start-up costs to join PWRPA is four to five years under the IESA but is expected to accelerate once Zone 7 becomes a full participating PWRPA member (in or around 2015). As the cost for distribution facilities is a considerable expense for Zone 7, safeguards are being requested should Zone 7 be denied full participation in PWRPA or should PWRPA terminate the agreement early. If for some reason Zone 7 does not become a full participating member, PWRPA will refund the reserve fund contribution and the distribution facilities revert to Zone7.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7 BOARD OF DIRECTORS
RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Western Area Power Administration and Power and Water Resources Pooling Authority Agreements

WHEREAS, Zone 7 currently buys all of its electricity from PG&E; and

WHEREAS, Western Area Power Administration (WAPA) has offered Zone 7 a share of 2015 Base Resource Pool energy effective January 1, 2015 per Federal Register /Vol. 75, No. 237, published December 10, 2010; and

WHEREAS, Power and Water Resources Pooling Authority (PWRPA) has offered to deliver electricity to four designated Zone 7 facilities at a discount over PG&E rates prior to 2015 under an Interim Electric Services Agreement; and

WHEREAS, PWRPA requires a Distribution Facilities Agreement to operate as a retailer; and

WHEREAS, PWRPA's Board is contemplating allowing Zone 7 to become a full-participating member provided Zone 7 meets certain requirements including the assignment of its 2015 share of Base Resource from WAPA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute the Contract for Electric Service Base Resource with Western Area Power Administration.

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute both the Interim Electric Services Agreement and the Distribution Facilities Agreement with Power and Water Resources Pooling Authority.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011

By____________________________
President, Board of Directors

Contract 11-SNR-01547

UNITED STATES

DEPARTMENT OF ENERGY

WESTERN AREA POWER ADMINISTRATION

CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR ELECTRIC SERVICE

BASE RESOURCE

WITH

ZONE 7 WATER AGENCY

Contract 11-SNR-01547

UNITED STATES

DEPARTMENT OF ENERGY

WESTERN AREA POWER ADMINISTRATION

CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR ELECTRIC SERVICE

BASE RESOURCE

WITH

ZONE 7 WATER AGENCY

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UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR ELECTRIC SERVICE
BASE RESOURCE
WITH
ZONE 7 WATER AGENCY

1. **PREAMBLE**: This Contract is made this ______ day of ___________________, _____, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388); August 26, 1937, (50 Stat. 844); August 4, 1939, (53 Stat. 1187); and August 4, 1977, (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts; between the UNITED STATES OF AMERICA (United States), acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract, or a duly appointed successor, hereinafter called the Contracting Officer; and ZONE 7 WATER AGENCY, an Alameda County Flood Control and Water Conservation District, organized and existing under the laws of the State of California, hereinafter called ZONE 7 or the Contractor, its successors and assigns; each sometimes hereinafter individually called the Party, and both sometimes hereinafter collectively called the Parties.

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2. **EXPLANATORY RECITALS**:

2.1 Western markets the surplus generation from, and operates a high-voltage transmission system as a part of, the Central Valley Project (CVP).

2.2 Western and the U.S. Department of the Interior, Bureau of Reclamation (Reclamation), have agreed to work together to efficiently serve Project Use and preference loads.

2.3 On June 25, 1999, Western's final 2004 Power Marketing Plan (Marketing Plan) was published in the Federal Register (64 FR 34417). The Marketing Plan sets forth how Western's Sierra Nevada Region will market the power generated from the CVP and Washoe Project.

2.4 On December 10, 2010, Western's Notice of Final 2015 Resource Pool Allocations was published in the Federal Register (75 FR 76975), and Zone 7 received an allocation.

2.5 Western is willing to provide and Zone 7 desires to purchase a percentage of the Base Resource consistent with the Marketing Plan.

2.6 Under the Marketing Plan, Western requires that all Western power be scheduled in accordance with the applicable balancing authority area operator requirements.

3. **AGREEMENT**:

The Parties agree to the terms and conditions set forth herein.

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4. **<u>EFFECTIVE DATE AND TERM OF CONTRACT:</u>**

4.1 This Contract shall become effective on the date of execution and shall remain in effect until midnight of December 31, 2024, subject to prior termination as otherwise provided for herein.

4.2 The date of initial service under this Contract is January 1, 2015.

5. **<u>DEFINITION OF TERMS</u>**:

As used herein, the following terms whether singular or plural, or used with or without initial capitalization, shall have the following meanings:

5.1 "Base Resource" means CVP and Washoe Project power output as determined by Western to be available for marketing, after (1) meeting the requirements of Project Use and First Preference Customers, and (2) any other adjustments required for maintenance, regulation, reserves, transformation losses, and ancillary services.

5.2 "Base Resource Operating Capability" means that portion of the Maximum Operating Capability that Western determines to be available to Customers in any hour.

5.3 "Capacity" means the instantaneous electrical capability of a generator, transformer, transmission circuit, or other equipment.

5.4 "Central Valley Project" means the multipurpose Federal water and power project extending from the Cascade Range in northern California to the plains along the Kern River, south of the City of Bakersfield.

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5.5 “Custom Product” means a combination of products and services, excluding provisions for load growth, which may be made available by Western per Customer request, using the Customer’s Base Resource and supplemental purchases made by Western.

5.6 “Customer” means an entity that is qualified under Reclamation law to receive Western Power and has a Base Resource Contract with Western.

5.7 “Energy” means the actual electrical output of a generator over a specified period of time; electric energy is usually Zone 7sured in kilowatt-hours or megawatt-hours.

5.8 “First Preference Customer” means a Customer wholly located in Trinity, Calaveras, or Tuolumne Counties, California, as specified under the Trinity River Division Act (69 Stat. 719) and the New Melones provisions of the Flood Control Act of 1962 (76 Stat. 1173, 1191-1192).

5.9 “FERC” means the Federal Energy Regulatory Commission or its successor.

5.10 “ISO” means the California Independent System Operator or its successor.

5.11 “NERC” means the North American Electric Reliability Council or its successor.

5.12 “Marketing Plan” means Western’s final 2004 Power Marketing Plan for the Sierra Nevada Region.

5.13 “Maximum Operating Capability” means the maximum electrical capability from CVP generation available to produce energy and/or provide ancillary services in any one or more hours.

5.14 “Minimum Base Resource” means the amount of Base Resource energy generated each hour as a result of CVP minimum water release.

5.15 “Operating Reserves” means the combination of spinning and non-spinning reserves required to meet WECC, NERC, and the balancing authority area operator’s requirements for reliable operation of the power system.

5.16 “Primary Marketing Area” means the area which generally encompasses northern and central California extending from the Cascade Range to the Tehachapi Mountains, and west-central Nevada.

5.17 “Power” means electric capacity and energy.

5.18 “Project Use” means the power used to operate CVP or Washoe Project facilities in accordance with authorized purposes and pursuant to Reclamation law.

5.19 “RTO” means regional transmission organization, which is an organization that meets the minimum characteristics and performs the minimum functions specified in FERC Order 2000, as that order may be amended or superseded.

5.20 “Regulation” means the service provided by generating units equipped and operating with automatic generation control which will enable such units to respond to direct control signals in an upward or downward direction to match, on a real time basis, demand and resources, consistent with WECC, NERC, and the balancing authority area operator's criteria.

5.21 "Scheduling Coordinator" means an entity that is responsible for providing hourly load and resource schedules to the balancing authority area operator, in accordance with a FERC-approved tariff.

5.22 "Washoe Project" means the Federal water project located in the Lahontan Basin in west-central Nevada and east-central California, as described in the Marketing Plan.

5.23 "WECC" means the Western Electricity Coordinating Council or its successor.

6. **<u>BASE RESOURCE ESTIMATES AND AVAILABILITY FORECAST</u>**:

6.1 Each month, Western will post to Western's external website a monthly Base Resource forecast that will contain the amounts of Base Resource Operating Capability and energy estimated to be available for each month on a rolling twelve-month basis, based on 90, 50, and 10 percent exceedence levels. The monthly forecast will contain the following information:

6.1.1 Maximum Operating Capability of the CVP for each month;

6.1.2 Energy required for estimated Project Use loads, First Preference Customers' loads, and any ancillary service requirements.

6.2 Western shall make all reasonable efforts within its control to ensure that the forecasted Base Resource will be available.

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7. **ELECTRIC SERVICE FURNISHED BY WESTERN**:

7.1 ZONE 7 will be entitled to receive a percentage of the Base Resource as set forth in Exhibit A, attached hereto and made a part hereof.

7.2 The estimated amount of energy available to ZONE 7 during any given time period shall be determined by multiplying its Base Resource percentage by the total amount of Base Resource energy available during that period.

7.3 The minimum amount of energy ZONE 7 will be required to schedule for each hour shall be determined by multiplying its Base Resource percentage by the Minimum Base Resource, unless otherwise agreed to by Western. However, if ZONE 7 does not have sufficient load to take its percentage of the Minimum Base Resource, any excess energy shall be made available to Western for the hourly exchange program as described later in this Contract under Section 10 and Exhibit B.

7.4 The maximum amount of energy ZONE 7 may schedule in any hour shall be determined by multiplying its Base Resource percentage by the Base Resource Operating Capability. However, ZONE 7 may schedule energy in excess of this maximum, if approved by Western, to accommodate purchases or exchanges from the seasonal or hourly exchange program.

7.5 ZONE 7 will be entitled to the benefit of available regulation and operating reserves from the CVP in proportion to its Base Resource percentage. The method in which the benefits of regulation and operating reserves will be provided will be set forth in Exhibit D attached hereto.

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7.6 Western's obligation to provide ZONE 7's Base Resource is limited to the actual CVP generation available on a real-time basis. Western shall have no obligation to replace any Base Resource that is unavailable due to scheduled maintenance, system emergencies, forced outages, or other constraints. Any costs incurred by either Party as a result of deviations between actual and scheduled Base Resource energy shall be the responsibility of ZONE 7. Western will notify ZONE 7 as soon as reasonably practicable of any situation that will impact the availability of the Base Resource, and will modify schedules accordingly, on a pro-rata basis.

7.7 Due to the variable nature of the Base Resource, Western may provide a Custom Product upon Customer request. Any Custom Product will be the subject of a separate contractual arrangement.

8. **<u>DELIVERY ARRANGEMENTS:</u>**

8.1 Western will make ZONE 7's Base Resource available at the generator bus or such other point(s) as the Parties may mutually agree, as specified in Exhibit A. If requested by ZONE 7, Western will deliver that portion of ZONE 7's Base Resource energy from CVP generation that is directly connected to Western-owned transmission facilities, to ZONE 7's facilities that are directly connected to Western-owned transmission facilities. The rates and terms of this service shall be in accordance with Western's then-current open access transmission tariff.

8.2 ZONE 7 must provide written notification to Western by January 1, 2014, demonstrating that it has arranged for delivery of its Base Resource energy to its load. Such notification shall include both transmission and distribution level arrangements, as applicable. Western shall have no obligation to make Base

Resource available to ZONE 7 if delivery arrangements are not in effect. However, ZONE 7 shall not be relieved of its obligation to pay its percentage share of the Base Resource during the time in which delivery arrangements are not in effect.

9. **<u>SCHEDULING PROCEDURES AND PROTOCOLS:</u>**

9.1 All energy furnished by Western to ZONE 7 will be provided on a scheduled basis. ZONE 7 agrees to abide by the FERC-approved scheduling procedures and protocols, as set forth in Exhibit C herein. The Parties recognize that the scheduling procedures and protocols may require modification from time-to-time to reflect updated operating procedures that may become applicable to the Parties. In such event, the Parties shall mutually agree to make the appropriate modifications to Exhibit C.

9.2 In the event that ZONE 7 does not abide by the protocols and procedures made effective by FERC and applicable to Western, and Western incurs costs as a result, ZONE 7 agrees to pay all such costs.

10. **<u>EXCHANGE PROGRAM:</u>**

10.1 Western will establish and manage an exchange program to allow all Customers to fully and efficiently use their Base Resource percentage. The exchange program is a mechanism to:

10.1.1 Make available to Western, for provision to other Customers, any Base Resource energy a Customer cannot use on a pre-scheduled basis due to insufficient load;

10.1.2 Help mitigate the costs incurred by a Customer for the power it is obligated to pay for, but may not be able to use.

10.2 The exchange program will consist of a seasonal exchange program and an hourly exchange program.

10.2.1 Under the seasonal exchange program, ZONE 7 may elect to make available to Western that portion of its Base Resource percentage that it is unable to use due to insufficient load. ZONE 7, through Western, will be able to exchange its unusable Base Resource percentage with other Customers. Any Customer may submit a request to Western to exchange or purchase energy through the seasonal exchange program.

10.2.2 Under the hourly exchange program, all Base Resource energy in excess of a Customer's load will be retained by Western and offered by Western for sale to other Customers. Any Customer may participate in the hourly exchange program.

10.3 The exchange program procedures are set forth in Exhibit B, attached hereto, and such procedures shall apply to all Customers that participate in the exchange program.

10.4 Exchanges of the Base Resource between ZONE 7 and others, outside of the Western-managed exchange program, or other Western-managed program, are prohibited.

11. **INDEPENDENT SYSTEM OPERATOR OR REGIONAL TRANSMISSION ORGANIZATION**:

11.1 Western joined the SMUD balancing authority area on January 1, 2005. On May 1, 2011, SMUD transferred the balancing authority area functions to the Balancing Authority of Northern California. Western operates in conformance with the balancing authority area protocols. The Parties hereby agree to make any changes necessary to this Contract to conform to the balancing authority area's operating and scheduling protocols.

11.2 The Parties understand that Western may also join an RTO. In the event Western either joins or is required to conform to the protocols of an RTO, the Parties shall agree to make any changes to this Contract to conform to the terms and conditions required by the RTO.

11.3 In the event that: 1) Western incurs costs from the balancing authority area, an RTO, or a different balancing authority area for serving ZONE 7's load; or 2) ZONE 7 does not abide by the protocols of the balancing authority area, an RTO, or other balancing authority area operator that are applicable to Western and Western incurs costs as a result, ZONE 7 agrees to pay all such costs attributable to ZONE 7.

12. **WESTERN RATES:**

12.1 The Base Resource will be provided on a take-or-pay basis. ZONE 7 will be obligated to pay its Base Resource percentage share of Western's costs, whether or not it uses its full Base Resource percentage.

12.2 ZONE 7 shall pay for the electric service furnished hereunder in accordance with the rates, charges, and conditions set forth in the CVP schedule of rates applicable to the Base Resource, effective October 1, 2011, or any superseding rate schedule.

13. **INTEGRATED RESOURCE PLAN:**

In accordance with the Energy Policy Act of 1992, ZONE 7 is required to meet the requirements of Western's Energy Planning and Management Program (EPAMP). To fulfill the requirements of EPAMP, ZONE 7 must develop and submit an integrated resource plan or alternative report, as applicable. Specific EPAMP requirements are set forth in the Federal Register at (64 FR 62604) and may be found on Western's website. Failure to comply with Western's EPAMP requirements may result in penalties as specified therein. ZONE 7 understands that Western may re-evaluate its EPAMP requirements and change them from time-to-time as appropriate. Such changes will be subject to a public process and publication in the Federal Register.

14. **ADJUSTMENT OF BASE RESOURCE PERCENTAGE:**

14.1 Prior to the date of initial service, Western may adjust ZONE 7's Base Resource percentage, as set forth in Exhibit A herein, if Western determines that ZONE 7's Base Resource percentage is greater than its actual usage, as specified in the Marketing Plan.

14.2 After the date of initial service, Western may adjust ZONE 7's Base Resource percentage under any of the following conditions:

14.2.1 ZONE 7 sells energy associated with its Base Resource percentage to another entity for resale by that entity;

14.2.2 ZONE 7 uses the energy associated with its Base Resource percentage to serve loads outside of the Sierra Nevada Region's Primary Marketing Area;

14.2.3 ZONE 7's annual energy associated with its Base Resource percentage is ten percent greater than its actual annual energy usage.

14.3 If Western determines that ZONE 7 has met any of the conditions in Section 14.2 above, Western will take the following steps:

14.3.1 Notify ZONE 7 of the nature of the concern;

14.3.2 Analyze ZONE 7's usage of the energy associated with its Base Resource percentage and determine if an adjustment is necessary on a case-by-case basis, with due consideration of any circumstance that may have temporarily altered ZONE 7's energy usage;

14.3.3 Provide a 90-day written notice of any adjustment, if an adjustment is deemed necessary; and

14.3.4 Reduce or rescind ZONE 7's Base Resource percentage permanently on the effective date specified in the notice.

15. **METERING AND POWER ZONE MEAUREMENT RESPONSIBILITIES:**

ZONE 7 shall be responsible for electric power metering equipment requirements and power measurement data associated with the use of Western power under this Contract as follows:

15.1 ZONE 7 shall furnish, install, operate, maintain, and replace, meters and associated metering equipment as required by the appropriate jurisdictional authority for deliveries of Western power scheduled to each delivery point on the Western grid, the ISO-controlled grid, a utility distribution company grid, or other electrical system as may be applicable.

15.2 ZONE 7 shall measure power deliveries and provide certified settlement-quality metering data to Western as requested. It is generally contemplated that Western will require this data on a monthly basis.

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16. **CHANGES IN ORGANIZATIONAL STATUS:**

16.1 If ZONE 7 changes its organizational status or otherwise changes its obligation to supply electric power to preference loads, Western reserves the right to adjust Western's power sales obligations under this Contract, as Western deems appropriate. Changes in organizational status include but are not limited to:

16.1.1 Merging with another entity;

16.1.2 Acquiring or being acquired by another entity;

16.1.3 Creating a new entity from an existing one;

16.1.4 Joining or withdrawing from a member-based power supply organization; or

16.1.5 Adding or losing members from its membership organization.

16.2 For the purposes of this Section 16, a member is any preference entity that is included in a membership, which has the responsibility of supplying power to the end-use consumer or customer. Memberships include but are not limited to:

16.2.1 Municipality;

16.2.2 Cooperative;

16.2.3 Joint powers authority; or

16.2.4 Governmental agency.

16.3 For purposes of this Section 16, participation in a State promulgated direct access program shall not be deemed to be a change in a Customer's organizational status or its obligation to supply electric power to preference loads.

16.4 Prior to making an organizational change, ZONE 7 may request an opinion from Western as to whether ZONE 7's proposed organizational change will result in an adjustment of ZONE 7's Base Resource percentage under this Section 16. ZONE 7 shall provide Western with all relevant documents and information regarding the proposed organizational change. Based on the documents and information furnished, Western will provide ZONE 7 with an opinion.

16.5 In addition to the above, if the change in organizational status results in a proposed transfer of the Contract, or any portion thereof, Section 37 of the General Power Contract Provisions (GPCP), "Transfer of Interest in Contract," generally requires the Customer to obtain prior written approval from Western's Administrator. Organizational changes that typically propose transfer of the Contract, or a portion of the Contract, and require prior written approval from Western include but are not limited to:

16.5.1 Merging with another entity;

16.5.2 Acquiring or being acquired by another entity;

16.5.3 Joining an entity; and

16.5.4 Creating a new entity.

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17. **BUSINESS PROTOCOLS:**

Western reserves the right to make process or procedural improvements in the efficient and effective administration of this Base Resource Contract as needed.

18. **ENFORCEABILITY:**

It is not the intent of the Parties that this Contract confer any rights on third parties to enforce the provisions of this Contract except as required by law or express provision in this Contract. Except as provided in this Section, this Contract may be enforced, or caused to be enforced, only by Western or ZONE 7, or their successors or assigns.

19. **GENERAL POWER CONTRACT PROVISIONS:**

The GPCP, effective September 1, 2007, attached hereto, are hereby made a part of this Contract, the same as if they had been expressly set forth herein; Provided, That, in the event of a conflict between the GPCP and the provisions in the body of this Contract, the Contract shall control. The usage of the term “Contractor” in the GPCP shall mean ZONE 7. The usage of the term “firm” in Articles 17 and 18 of the GPCP shall be deemed to be replaced with the words “Base Resource.”

20. **EXHIBITS MADE PART OF CONTRACT:**

Exhibit A (Base Resource Percentage and Point(s) of Delivery), Exhibit B (Exchange Program), Exhibit C (Scheduling Procedures and Protocols), and Exhibit D (Regulation and Reserves) existing under this Contract may vary during the term hereof. Each of said exhibits shall become a part of this Contract during the term fixed by its provisions. Exhibits A, B, C, and D are attached hereto, and each shall be in force and effect in accordance with its terms until respectively superseded by a subsequent exhibit, as allowed by the terms of each exhibit.

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IN WITNESS WHEREOF, the Parties have caused this Contract to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By:____________________________________

Title: Power Marketing Manager

Address: 114 Parkshore Drive

Folsom, CA 95630-4710

ZONE 7 WATER AGENCY

(Attest)

By:____________________________________

Title:__________________________________

Address:________________________________

By:____________________

Title:__________________

ZONE 7 WATER AGENCY

Resolution No.

EXHIBIT A
(Base Resource Percentage and Point(s) of Delivery)

1. This Exhibit A, to be effective under and as part of Contract 11-SNR-01547 (Contract), shall become effective upon execution of the Contract; and shall remain in effect until either superseded by another Exhibit A or termination of the Contract.

2. On the effective date of this Exhibit A, Zone 7 Water Agency's (Zone 7) percentage of the Base Resource is 0.01573%.

3. Zone 7's Base Resource percentage may be adjusted by Western as specified in the Contract.

4. The point(s) of delivery on the Central Valley Project Transmission System for Zone 7's Base Resource shall be the Tracy 230-kV or 500-kV Substation.

5. All power deliveries provided under this Contract shall be adjusted for the applicable transformation and transmission losses on the 230-kV system. Additional transformation and/or transmission losses shall be applied to deliveries at other than the 230-kV level.

EXHIBIT B
(Exchange Program)

1. This Exhibit B, to be effective under and as a part of Contract 11-SNR-01547, (Contract) shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit B or termination of the Contract.

2. Zone 7 Water Agency (Zone 7) is in agreement with the procedures set forth herein.

3. If necessary, Western retains the right to make subsequent revisions to Exhibit B after consultation with its customers. At such time as Western promulgates a revision of this Exhibit B, Zone 7 shall have the option of either accepting the new revision to this Exhibit B or opting out of the Hourly Exchange Program. If Western does not receive notice from Zone 7 opting out of the Hourly Exchange Program within 30 days of Zone 7's receipt of a revised Exhibit B, Zone 7 will automatically continue in the Hourly Exchange Program if already participating.

4. Definition of Terms:

4.1 "Full Load Service Customer" means a customer that will have its entire load at its delivery point(s) met by Western, and its Portfolio Management functions for those delivery point(s) performed by Western.

4.2 "Portfolio Manager" means an entity responsible for determining balanced hourly load and resource schedules for a customer.

4.3 "Variable Resource Customer" means a customer that is responsible for managing its own energy portfolio.

5. Western will offer Hourly and Seasonal Exchange Programs. A customer may participate in an Hourly Exchange Program or the Seasonal Exchange Program, or both.

5.1 Hourly Exchange Programs:

5.1.1 Western has established separate Hourly Exchange Programs for the Full Load Service Customer group and the Variable Resource Customer group. A customer cannot be in both the Full Load Service Customer group and the Variable Resource Customer group at the same time.

5.1.2 The Hourly Exchange Programs will take place on a pre-scheduled basis.

5.1.3 Base Resource power in excess of a customer's load in any hour will be distributed by Western in the applicable Hourly Exchange Program (Full Load Service or Variable Resource).

5.1.4 A customer may choose whether to participate in the Hourly Exchange Program for its group. Participation in the Hourly Exchange Program requires a customer to accept Exchange Program power if it has load in that hour. However, even if a customer chooses not to participate, if that customer's Base Resource amount exceeds its load in any hour, the excess will go into the Hourly Exchange Program for that customer's group for that hour, for use by participating customers with load not met by Base Resource power in that hour.

5.1.5 If a customer chooses not to participate in the Hourly Exchange Program, a written notice to that effect must be submitted to Western by November 1, 2014. Thereafter, a customer must submit a written notice to Western at least one (1) month prior to changing its participation status; Except, That if a customer has elected to participate in the Hourly Exchange Program and subsequently changes its participation status, the customer must wait a minimum of one (1) year to again participate in the Hourly Exchange Program. Participation status will change on the first day of the month following the required notice period or the minimum one (1) year waiting period.

5.1.6 A customer must use its Base Resource power prior to using any other source to meet its load, unless agreed to by Western in writing. A customer participating in the Hourly Exchange Program must use Hourly Exchange Program power prior to any other source to meet its load, unless agreed to by Western in writing.

5.1.7 Each participating customer in each group will receive an equal share in megawatts of that group's Hourly Exchange Program power available for that hour, up to the customer's unmet load in that hour.

5.1.8 Any Hourly Exchange Program power that is excess to a customer's unmet load will go back to the Hourly Exchange Program for the group to which the customer belongs, for that same hour. This power will be reallocated to participating customer in that group on an equal basis until either that group's Hourly Exchange Program has no remaining power in that hour, or no participating customers in that group have unmet load in that hour.

5.1.9 If there is power remaining in the Full Load Service Hourly Exchange Program or the Variable Resource Hourly Exchange Program in any hour, and none of the participating customers in that group have unmet load in that hour, the remaining power will go to the other group's Hourly Exchange Program for that same hour.

5.1.10 If, in any hour, no participating customers have unmet load but there is power remaining in either group's Hourly Exchange Program, that power may be offered for sale by Western unless the amount of power is de minimis.

5.1.11 Customers' power bills will be adjusted to reflect transactions into and out of the Hourly Exchange Program.

5.2 Seasonal Exchange Program:

5.2.1 The year will be divided into twelve (12) monthly seasons.

5.2.2 A customer is eligible to contribute to the Seasonal Exchange Program if the customer demonstrates and Western agrees that its anticipated load during the month is less than its anticipated Base Resource amount, and Western determines that this power can be beneficially used by another customer(s) during that same month.

5.2.3 A customer must submit a written notice to Western one (1) month prior to the first day of the month in which it wishes to either contribute or receive power. The portion that a customer wishes to contribute or receive must be designated as a constant Base Resource percentage for all hours during the month.

5.2.4 The Base Resource amount provided to the Seasonal Exchange Program may be allocated to any customer(s) that submit a request for additional power for that month, at Western's discretion. To the extent possible, Western will give priority to customers that contributed to either an Hourly Exchange Program or the Seasonal Exchange Program.

5.2.5 Western will decrease the Base Resource percentage of a customer that provides power into the Seasonal Exchange Program for that month and revise Exhibit A to reflect its decreased Base Resource percentage for that month.

5.2.6 Western will increase the Base Resource percentage of a customer that receives power from the Seasonal Exchange Program for that month and revise Exhibit A to reflect its increased Base Resource percentage for that month.

EXHIBIT C
(Scheduling Procedures and Protocols)

1. This Exhibit C, to be effective under and as a part of Contract 11-SNR-01547 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit C or termination of the Contract.

2. Both Parties recognize that these timelines and protocols may require modification from time-to-time. If necessary, Western retains the right to make subsequent revisions to Exhibit C. At such time as Western promulgates another revision of this Exhibit C, Zone 7 Water Agency (ZONE 7) shall have the option of either accepting the new revision of this Exhibit C or terminating the Contract. If ZONE 7 submits notification of non-acceptance of a subsequent revision to this Exhibit C to Western, the Contract will be deemed terminated in its entirety within thirty (30) days of Western's receipt of such notification.

3. Designation of Scheduling Coordinator (SC): If ZONE 7 is required to have a Scheduling Coordinator; ZONE 7 shall notify Western of its designated Scheduling Coordinator prior to the effective date of this Exhibit C. In the event that ZONE 7's Scheduling Coordinator arrangement changes, ZONE 7 shall notify Western in writing, not less than 30 days prior to the change, unless a shorter notification period is agreed to by Western.

4. Western and ZONE 7 will utilize the Western Electricity Coordinating Council (WECC) scheduling calendar. Under WECC protocols, 7 days of transmission are scheduled in 5 days (Monday through Friday). Under this protocol,

- Monday is the "Day Ahead" or "Scheduling Day" for Tuesday, the "Active Day,"
- Tuesday is the "Day Ahead" or "Scheduling Day" for Wednesday, the "Active Day,"
- Wednesday is the "Day Ahead" or "Scheduling Day" for Thursday, the "Active Day,"
- Thursday is the "Day Ahead" or "Scheduling Day" for "Active Days" Friday <u>and</u> Saturday, and
- Friday is the "Day Ahead" or "Scheduling Day" for "Active Days" Sunday <u>and</u> Monday.

The protocol is modified for weeks that contain holidays or specially designated WECC non-scheduling days. The protocol will also be modified for WECC guideline changes that are implemented per the WECC scheduling calendar. The WECC Preschedule calendar can be viewed at WECC's internet site which is currently http://www.wecc.biz.

5. Scheduling Procedures for Base Resource and Exchange Program Energy:

5.1 If Western is ZONE 7's Portfolio Manager, as set forth in a separate Custom Product Contract for Full Load Service, all activities and responsibilities in this Section 5 will be performed by Western on behalf of ZONE 7. At such time as Western is no longer ZONE 7's Portfolio Manager, then ZONE 7 will be responsible for performance of its duties under this Section 5.

5.2 One Day Prior to the Scheduling Day:

5.2.1 By 1330 hours, Western will notify ZONE 7 of its share of the Base Resource allocation, the minimum Base Resource that must be taken each hour, the maximum Base Resource that can be taken in any hour, and the total Base Resource energy for the Active Day.

5.2.2 By 1430 hours, ZONE 7 shall notify Western of its preferred Base Resource schedule and load forecast for the Active Day.

5.2.3 By 1700 hours, Western will provide to ZONE 7 the final schedule of Base Resource and Exchange Program Energy Schedule for the Active Day.

5.3 Scheduling Day: By 0900 on the scheduling day Western will provide ZONE 7 with additional information required to schedule the Base Resource and Exchange Program Energy. This information would include the tie point for any imports or exports for any E-tags. At a customer's request and if Western agrees, Western will provide E-tags for Base Resource import and export schedules.

5.4 The confirmed Base Resource and Exchange Program Energy schedule will be transmitted via a secure web portal hosted by Western. ZONE 7's communication link to the web portal shall be provided and paid for by ZONE 7. The data format will be either (1) viewable on the screen (manual input), (2) downloadable/uploadable as XML format, or (3) downloadable/uploadable as comma separated values (CSV).

5.5 ZONE 7 may not adjust its Base Resource and Energy Exchange Program schedule after 1430 hours 1 day prior to the Scheduling Day.

5.6 If ZONE 7 does not submit a shape and load profile by 1430 hours one day prior to the Scheduling Day in response to a Base Resource allocation, Western will shape ZONE 7's allocation within the minimums and maximums and provide a schedule confirmation to ZONE 7 through the web portal. To the extent reasonably possible, the Base Resource allocation will be shaped consistent with recent schedules received from ZONE 7.

5.7 ZONE 7's unscheduled Western power in any hour is not available to ZONE 7 as an operating reserve or to meet any ancillary service requirements of the ISO or the balancing authority area operator for ZONE 7.

5.8 Timeline for Base Resource During a Week not Affected by a Holiday

	Monday	Tuesday	Wednesday	Thursday	Friday
	Scheduling Day for Tuesday	Scheduling Day for Wednesday	Scheduling Day for Thursday	Scheduling Day for Friday & Saturday	Scheduling Day for Sunday and Monday
	Western provides scheduling details for Tuesday	Western provides scheduling details for Wednesday	Western provides scheduling details for Thursday	Western provides scheduling details for Friday & Saturday	Western provides scheduling details for Sunday & Monday
	Western provides BR allocation, and hourly minimums and maximums for Wednesday, if BR is available	Western provides BR allocation, and hourly minimums and maximums for Thursday, if BR is available	Western provides BR allocation, and hourly minimums and maximums for Friday & Saturday, if BR is available	Western provides BR allocation, and hourly minimums and maximums for Sunday & Monday, if BR is available	Western provides BR allocation, and hourly minimums and maximums for Tuesday, if BR is available
	ZONE 7 submits its load and Preferred Base Resource schedule for Wednesday	ZONE 7 submits its load and Preferred Base Resource schedule for Thursday	ZONE 7 submits its load and Preferred Base Resource schedule for Friday & Saturday	ZONE 7 submits its load and Preferred Base Resource schedule for Sunday & Monday	ZONE 7 submits its load and Preferred Base Resource schedule for Tuesday
	Western confirms final Base Resource and Exchange schedule for Wednesday	Western confirms final Base Resource and Exchange schedule for Thursday	Western confirms final Base Resource and Exchange schedule for Friday & Saturday	Western confirms final Base Resource and Exchange schedule for Sunday & Monday	Western confirms final Base Resource and Exchange schedule for Tuesday

6. Additional Scheduling Procedures when Western is ZONE 7's Scheduling Coordinator:

6.1 If Western is ZONE 7's Portfolio Manager, as set forth in a separate Custom Product Contract for Full Load Service, all activities and responsibilities in this Section 6 will be performed by Western on behalf of ZONE 7.

6.2 By 0800 hours on the Scheduling Day, ZONE 7 shall provide Western with a copy of its load and resource schedules that require input to the ISO for the Active Day. For each schedule, ZONE 7 must provide an energy profile, the counter party, the source and sink, and the interchange point, if applicable. Schedules must be submitted electronically. The schedules shall be consistent with the format provided by Western.

6.3 Any schedule adjustments must be submitted to Western at least 4 hours prior to the first hour being adjusted.

7. General Scheduling Guidelines and Protocols:

7.1 No after-the-fact schedule changes by either Party shall be allowed.

7.2 If Western experiences technical difficulties, due to a failure of its computer programs and/or equipment, and is unable to abide by the scheduling timeframe as described in this Exhibit C, Western will notify ZONE 7 of any expected delays, if possible, and make best efforts to resume the scheduling timeframe as soon as practicable. Western will not be liable for any costs incurred by ZONE 7 associated with this Subsection 7.2.

7.3 If ZONE 7 experiences technical difficulties, due to a failure of its computer programs and/or equipment, and is unable to abide by the scheduling timeframe as described in this Exhibit C, ZONE 7 should contact Western to arrange for an alternate communication method.

7.4 All energy will be scheduled in whole megawatts.

7.5 All E-tag information will be exchanged between Western and ZONE 7 in a timely manner.

EXHIBIT D
(Regulation and Reserves)

1. This Exhibit D to be effective under and as a part of Contract 11-SNR-01547 (Contract), shall become effective upon execution of the Contract; and shall remain in effect until either superseded by another Exhibit D or termination of the Contract.

2. If necessary, Western retains the right to make subsequent revisions to Exhibit D. At such time as Western promulgates another revision of this Exhibit D, Zone 7 Water Agency (ZONE 7) shall have the option of either accepting the new revision of this Exhibit D or terminating the Contract. If ZONE 7 submits notification of non-acceptance of a subsequent revision to this Exhibit D to Western, the Contract will be deemed terminated in its entirety within thirty (30) days of Western's receipt of such notification.

3. Definitions of Terms:

3.1 Contingency Reserve: An additional amount of operating reserves sufficient to reduce Area Control Error (ACE) to zero in ten minutes following loss of generating capacity, which would result from the most severe single contingency. Contingency Reserves will consist of Spinning and Nonspinning Reserves.

3.2 Nonspinning Reserve: That operating reserve not connected to the system but capable of serving demand within ten minutes, or interruptible load that can be removed from the system within ten minutes.

3.3 Spinning Reserve: Unloaded generation which is synchronized and ready to serve additional demand.

4. Western disposition of Contingency Reserves and Regulation:

4.1 Contingency Reserves: Western will provide all Base Resource schedules with Contingency Reserves, including Spinning and Nonspinning Reserves. Contingency Reserves will be provided from CVP generation as available, or procured from other sources as necessary.

4.2 Regulation: Western will not provide Regulation with Base Resource schedules.

INTERIM ELECTRIC SERVICES AGREEMENT
- ZONE 7 -

This **Interim Electric Services Agreement** ("Interim Agreement"), effective as of date described in Section 2.1, is made and entered into by and between the **Power and Water Resources Pooling Authority** ("PWRPA") and **Zone 7, Alameda County Flood Control & Water Conservation District** ("Zone 7"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Aggregation Services Agreement by and among PWRPA and the Project Participants (as further described in Section 1.2, "ASA"). PWRPA and Zone 7 are hereinafter collectively referred to as "Parties" and individually as a "Party."

RECITALS

1. PWRPA operates as a publicly owned electric utility and provides retail electric service to the Project Participants pursuant to the ASA and rates, terms, conditions, rules and policies adopted by PWRPA's Board of Directors, which administers the ASA and serves as the local regulatory authority for PWRPA.
2. In 2007, and again in a letter from Zone 7 to PWRPA, dated February 7, 2010, Zone 7 expressed an interest in becoming a Project Participant and having PWRPA provide retail electric service to certain of Zone 7's electric accounts.
3. Zone 7 applied for and received a BRC Allocation from WAPA's recently concluded 2015 Resource Pool Allocation. Zone 7 is in the process of entering into enabling agreements with WAPA by which Zone 7 will receive its BRC Allocation beginning on January 1, 2015 and continuing through December 31, 2024.
4. Under terms of a settlement agreement, dated June 24, 2010, between Pacific Gas and Electric Company ("PG&E") and PWRPA in FERC Docket No. EL10-7-000 ("WDT Settlement Agreement"), PG&E will provide additional wholesale distribution service to PWRPA so that PWRPA may provide retail electric service to so-called "New PWRPA Customers." PWRPA believes that Zone 7 qualifies as a New PWRPA Customer.
5. PWRPA and Zone 7 entered into a letter agreement, dated June 1, 2011 ("Letter Agreement"), under which the Parties agreed to undertake a number of tasks with the purpose of, among other things (a) exploring the feasibility of PWRPA providing electric service to Zone 7, (b) including five of Zone 7's electric accounts within PWRPA's June 2011 request to add new delivery points under the WDT Settlement Agreement ("June WDT Request"), (c) developing an interim electric services agreement pursuant to which PWRPA could initially provide electric service to Zone 7's designated accounts prior to January 1, 2015 and (d) establishing the process by which Zone 7 could receive service from PWRPA under the ASA effective on or about the date on which Zone 7 first receives its BRC Allocation from WAPA.
6. PWRPA and Zone 7 desire to enter into this Interim Agreement for the purpose of (a) specifying the terms and conditions associated with electric service provided by PWRPA to Zone 7's designated accounts during the period of time prior to January 1, 2015 (and the effectiveness of Zone 7's BRC Allocation) and (b) describing the

parties’ plans to transition from this Interim Agreement to the ASA beginning on or about January 1, 2015.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, PWRPA and Zone 7 agree as follows:

ARTICLE 1
CONTRACT DOCUMENTS

1.1 Definitions: Capitalized terms used in this Interim Agreement without other definition herein shall have the meanings given to such terms in the ASA.

1.2 Limited Incorporation and Effectiveness of the ASA: This Interim Agreement consists of this document, as it may be amended or modified from time to time pursuant to Sections 1.3 and 1.4.3, and the ASA, as it may be amended from time to time pursuant to Section 2.5 of the ASA. The ASA is hereby incorporated into and made a part of this Interim Agreement, subject to the following: (a) incorporation of the ASA is for the limited purpose of describing and effectuating certain terms and conditions pertaining to terms, conditions, rules, protocols, methodologies and processes used by PWRPA in providing electric service to the Project Participants and Zone 7, (b) unless otherwise stated herein, Zone 7 shall not be a third party beneficiary under the ASA, and no right or remedy under the ASA is conferred upon Zone 7 by reason of the limited incorporation and effectiveness of the ASA, and (c) notwithstanding Section 2.4 of the ASA, in the event of any conflict between this document and the ASA, this document shall control. Zone 7 acknowledges that it has been provided a copy of the ASA. PWRPA shall provide prompt notice to Zone 7 of any amendments to the ASA and any additions to or modifications of the exhibits thereto.

1.3 Amendments: This Interim Agreement may be amended by written instrument executed by PWRPA and Zone 7.

1.4 Board Action:

1.4.1 General: As generally described in Section 5.1 of the ASA, the Board is the local regulatory authority for PWRPA and, among other things, the Board is responsible for establishing, adopting and overseeing policies, rates, terms and conditions for retail electric service provided by PWRPA to the Project Participants. As further described in Section 3.2.1, Zone 7 acknowledges the Board’s role as local regulatory authority for PWRPA.

1.4.2 Applicability of Policies and Rules: PWRPA’s policies and rules, as they may be amended from time to time, shall apply to electric service provided by PWRPA to Zone 7 under this Interim Agreement; provided, however, in the event of a conflict between this Interim Agreement and a PWRPA policy or rule, this Interim Agreement shall control.

1.4.3 Modifications and Additions This Interim Agreement is expressly subject to such modifications and additions that the Board may from time to time direct in the exercise of its role as local regulatory authority for PWRPA; provided, however, (a) any modification or addition to this Interim Agreement must be adopted pursuant to a Board resolution, (b) Zone 7 shall be provided reasonable advance notice of any proposed modification or addition to this Interim Agreement and Zone 7 shall be provided a reasonable opportunity to provide comments on such modification and addition and (c) Zone 7's termination right (as described in Section 7.2.3) shall not be subject to modification or addition by the Board. PWRPA shall provide written notice to Zone 7 of any Board-adopted modification or addition to this Interim Agreement.

1.5 **Exhibits**: The Parties intend that exhibits to this Interim Agreement ("Exhibits") shall describe certain administrative, financial, operational, and technical descriptions, methodologies and procedures necessary from time to time to implement this Interim Agreement. Exhibits (and modifications to such exhibits) shall become a part of and incorporated into this Interim Agreement upon approval or ratification by the Board. PWRPA shall provide written notice to Zone 7 of the modification or deletion of any exhibit or the inclusion of a new exhibit. The current list of exhibits is contained in Exhibit A, as may be modified from time to time.

1.6 **Entire Agreement**: This Interim Agreement, together with all exhibits attached hereto, and the limited incorporation of the ASA (as described in Section 1.2) contains all representations and the entire understanding between the Parties with respect to electric service provided by PWRPA to Zone 7. No other representations are intended or shall be implied. Any prior contemporaneous correspondence, memoranda, or agreements, whether oral or written, are intended to be replaced in total by this Interim Agreement. The Parties warrant and represent that there are no oral promises, representations, or agreements not contained in this Agreement.

1.7 **Distribution Facilities Agreement**: As described further in Section 3.1.3, the Parties will enter into the Distribution Facilities Agreement, which is a separate agreement that will govern the installation, maintenance and, if necessary, reversion to Zone 7 of distribution facilities used to provide electric service to Zone 7.

ARTICLE 2
EFFECTIVENESS; TERM

2.1 **Effective Date**: This Interim Agreement shall be effective on the first day when both of the following shall have occurred: (a) this Interim Agreement shall have been executed by Zone 7 and delivered by Zone 7 to PWRPA and (b) PWRPA shall have executed this Interim Agreement ("Effective Date"). PWRPA shall promptly provide notice to Zone 7 of the establishment of the Effective Date; provided, however, the failure to provide such notice shall not affect the establishment of the Effective Date.

2.2 **Term**: This Interim Agreement shall be effective on the Effective Date and shall continue in effect until terminated, as described in Section 7.2, or until expressly superseded by the ASA, as described in Section 2.3.

2.3 Full Effectiveness of the ASA as to Zone 7: As described in the Letter Agreement, the Parties contemplate that beginning on or about January 1, 2015 (and the effectiveness of Zone 7's BRC Allocation) Zone 7 shall receive electric service from PWRPA pursuant to the ASA and, effective on the date Zone 7 first receives service from PWRPA pursuant to the ASA, service to Zone 7 under this Interim Agreement shall be terminated. Certain key steps associated with the expected transition to the ASA are described in Section 6.2. Notwithstanding the foregoing, Zone 7 acknowledges and agrees that the full effectiveness of the ASA as to Zone 7 is conditioned on the satisfaction of certain requirements (a) that have yet to be fully specified (as described in Section 6.2.5) and (b) some of which may be outside of PWRPA's control, including but not necessarily limited to (i) the unanimous consent of all then-existing Project Participants (as described in Section 10.1 of the ASA, summarized in Section 4.d. of the Letter Agreement, and described below in Section 6.2.2) and (ii) the payment by Zone 7 of an amount reflecting Zone 7's relative share of costs incurred by the Project Participants in the formation of PWRPA (as described in Section 10.1 of the ASA, summarized in Section 4.e. of the Letter Agreement, and described below in Section 4.1 ("Buy-in Cost").

ARTICLE 3
SCOPE AND RELATIONSHIP

3.1 General

3.1.1 Full Requirements Service: PWRPA operates as a publicly owned electric utility and provides full requirements retail electric service to the Project Participants. The Parties contemplate that PWRPA will likewise provide full requirements retail electric service to electric accounts designated by Zone 7, as further described in Section 3.1.2. Without limiting the generality of the foregoing, Zone 7 may not, without the express written consent of PWRPA, which consent may be withheld at the sole discretion of PWRPA, operate onsite electrical generation equipment (with the exception of the reasonable use of backup generation equipment) to supply electricity for the Designated Account(s).

3.1.2 Designated Accounts: Zone 7's electric accounts to be served by PWRPA under this Interim Agreement shall be referred to as "Designated Accounts." The Designated Accounts are specified in Exhibit B. Zone 7 may add additional electric accounts as Designated Accounts upon the written consent of PWRPA, which consent shall not be unreasonably withheld, and subject to terms and conditions reasonably established by the Board. Zone 7 may remove Designated Accounts upon the written consent of PWRPA, which consent shall not be unreasonably withheld, and subject to terms and conditions reasonably established by the Board (including, but not necessarily limited to, confirmation of Zone 7's obligation to pay any net unavoidable costs associated with Supplemental Power, as described in Section 10.2 of the ASA).

3.1.3 Distribution Facilities Agreement: As described in the WDT Settlement Agreement, the Parties believe that it is necessary for PWRPA to own and/or control certain electric distribution facilities in order to provide electric service to Zone 7's Designated Accounts. This arrangement is generally described in Section 7.8 of the ASA, which contemplates that PWPRA will own and/or control electric distribution facilities in order for PWRPA to deliver electricity from certain wholesale delivery points to certain of PWRPA's retail customers. PWRPA's obligation to provide electric service to Zone 7's Designated Accounts is conditioned on Zone 7's agreement to enter into a Distribution Facilities Agreement, specifying terms and conditions under which Zone 7 will install, convey, operate, maintain and replace required electric distribution facilities, and PWRPA will own and control such electric distribution facilities. The Parties anticipate that PWRPA and Zone 7 will execute the Distribution Facilities Agreement concurrently with the Parties' execution of this Interim Agreement. As described in Section 8.2 of the Distribution Facilities Agreement, title to the distribution facilities will be held in the name of PWRPA, but such title shall revert to Zone 7 upon certain events, including termination of the Interim Agreement without replacement by the ASA.

3.2 Local Regulatory Authority:

3.2.1 General: As described in Section 5.1 of the ASA, the Board is the local regulatory authority for PWRPA and, among other things, establishes rates and adopts policies for retail electric service provided by PWRPA. Zone 7 acknowledges the Board's role as local regulatory authority for PWRPA.

3.2.2 Rate and Policy Changes: The Board may adopt such rates and policies relating to or affecting PWRPA's electric service to Zone 7 as may be reasonably necessary in the exercise of the Board's role as local regulatory authority for PWRPA; provided, however, (a) such rates and policies shall not conflict with the express terms of this Interim Agreement unless Zone 7 consents in writing and (b) nothing herein shall be construed to limit the Board's authority to set rates that reflect reasonable differences among customer classifications.

3.2.3 Composition of the Board; Future Participation by Zone 7: As described in Sections 3.2 and 3.8 of the Joint Powers Agreement, each Project Participant may appoint or designate, as the case may be, a Board member, and such Board member shall have a voting share percentage determined in part by an equal voting share basis and in part by an Annual Energy Share basis. The Parties contemplate that, upon the full effectiveness of the ASA as to Zone 7, Zone 7 shall designate a Board member and be entitled to a voting share percentage in the manner described in Sections 3.2 and 3.8 of the Joint Powers Agreement. During the term of this Interim Agreement, however, Zone 7 shall not have a Board member. Notwithstanding the foregoing, PWRPA shall make good faith efforts to apprise Zone 7's designated representative of key matters affecting rate and policy determinations to be made by the Board.

ARTICLE 4
RATE AND BUY-IN COST PROVISIONS

4.1 **Buy-in Cost**: The Buy-in Cost is described in Section 10.1 of the ASA (as summarized in Section 4.e. of the Letter Agreement) and is intended to reflect an amount a new Project Participant shall contribute to PWRPA as a condition of full participation under the ASA and in order to reflect a new Project Participant's relative contribution to the buy-in cost of formation of PWRPA. Consistent with Section 5 of the Letter Agreement, PWRPA has determined that the Buy-in Cost for Zone 7 is *[$________]*. If Zone 7 has not previously paid the full amount of the Buy-in Cost, Zone 7 shall, as a condition to the effectiveness of the ASA, pay the Buy-in Cost within 15 days of receiving notice from PWRPA of the unanimous consent of the then-existing Project Participants to add Zone 7 as an additional Project Participant to the ASA, as further described in Section 6.2.2.

4.2 **Rates**

4.2.1 **ASA Rates**: Subject to Section 4.2.4, upon the full effectiveness of the ASA as to Zone 7 the rates applicable to Zone 7's Designated Accounts shall be determined using the same methodologies applicable to the Project Participants under the ASA.

4.2.2 **Interim Rate**: Subject to (a) the Board's ongoing right to modify rates applicable to Zone 7, as described in Section 3.2.2 and consistent with Section 8.3 of the ASA, (b) Section 4.2.3 (Annual Rate Reconciliation) and (c) Section 4.2.4, the rates applicable to Zone 7's Designated Accounts during the term of this Interim Agreement shall be determined using the same methodologies applicable to the Project Participants under the ASA, with the following exception: BRC Allocations shall not be used as described in Section 4.4.2 of the ASA to serve Zone 7's Designated Accounts, but rather (consistent with Section 4.4.3 of the ASA) any BRC Allocations remaining after application of Section 4.4.2 of the ASA may be used to serve Zone 7's Designated Accounts.

4.2.3 **Monthly Billing Statement; Annual Rate Reconciliation**: PWRPA shall present Zone 7 on a monthly basis the charges applicable to Zone 7 under this Interim Agreement. Such charges shall be subject to an annual true-up described as follows. Under Sections 8.5 and 9.5 of the ASA, PWRPA conducts an annual reconciliation process to determine whether actual costs and other amounts payable exceed the amount the Project Participants were billed through pro forma rates under the ASA. In a manner comparable to that which is provided to Project Participants, PWRPA shall submit to Zone 7 a statement of the actual costs and other amounts that would have been payable by Zone 7 under the ASA, as determined with reference to the principles described in Exhibit E of the ASA. If, on the basis of the statement, such costs and other amounts that would have been payable by Zone 7 under the ASA exceed the amount Zone 7 was billed through charges under Section 4.2.2, Zone 7 shall pay PWRPA the difference. If, on the basis of the statement, such costs and other amounts that would have been payable by Zone 7 under the ASA are less than the amount Zone 7 was billed through charges under Section 4.2.2, PWRPA shall pay Zone 7 the difference.

4.2.4 **Transition Charge**: The Parties anticipate that the provision of electric service to Zone 7's Designated Accounts under this Interim Agreement and the

ASA will result in rate savings to Zone 7 as compared to the otherwise applicable rate that would have applied to the Designated Accounts had Zone 7 continued to receive electric service from PG&E. In consideration of this and other benefits under this Interim Agreement, the Parties agree that a transition charge equal to $0.01 per kWh shall apply to electric service provided to Zone 7's Designated Accounts under this Interim Agreement and the ASA; provided, however, (a) the transition charge shall no longer apply once Zone 7 has paid an amount under this Section 4.2.4 equal to *[$_________]* ("Transition Amount") and (b) at any time during the term of this Interim Agreement and/or the ASA, Zone 7 may pay the then-remaining balance associated with the Transition Amount and thereby suspend further application of the transition charge.

4.2.5 Public Purpose Program Charge: PWRPA maintains a public purpose program ("P-3") through which PWRPA funds various efforts by the Project Participants to implement energy efficiency and other qualifying activities under PWRPA's P-3 policy. PWRPA shall collect a P-3 charge from Zone 7 on a basis comparable to the collection of P-3 charges from the Project Participants. Zone 7 shall be eligible to participate in PWRPA's P-3 programs on a basis comparable to participation by the Project Participants.

4.2.6 Direct Assignment of Certain Costs: Zone 7 shall reimburse PWRPA for costs specifically incurred on Zone 7's behalf. Without limiting the generality of the foregoing, PWRPA anticipates that, pursuant to the WDT Settlement Agreement, PWRPA will pay PG&E certain so-called non-bypassable charges associated with Zone 7, as further described in Section 4.5 ("Exit Fees"). Zone 7 agrees to reimburse PWRPA for PWRPA's payment of Exit Fees. Additionally, pursuant to Board Resolution 11-09-11, a copy of which has been provided to Zone 7, Zone 7 shall pay costs directly related to the provision of distribution services to Zone 7 under the Distribution Facilities Agreement, including but not limited to costs incurred by PWRPA's counsel and staff in the development and administration of the Distribution Facilities Agreement and WDT Settlement Agreement.

4.3 Deemed Reimbursement of PWRPA Review Costs: Zone 7 acknowledges that PWRPA has incurred various costs associated with the development of agreements, processing and administration of matters under the WDT Agreement, and general review of matters relating to the provision of electric service to Zone 7's designated accounts. Within 10 days of the Effective Date, PWRPA shall prepare and present a billing statement to Zone 7 of PWRPA's unreimbursed review costs, which shall be deemed to be the difference between $35,000 and any amounts previously paid by Zone 7 pursuant to Section 6.e. of the Letter Agreement. Zone 7 shall remit payment to PWRPA within 30 days of receiving the billing statement from PWRPA.

4.4 Reserve Amount: The Board has established a policy that requires each Project Participant to contribute to a reserve amount determined by PWRPA's Treasurer. Zone 7 shall contribute to PWRPA's reserve amount on a basis comparable to the Project Participants. PWRPA anticipates that Zone 7's contribution to PWRPA's reserve amount will be $90,000. By no later than 30 days after the Effective Date, PWRPA shall provide a billing statement describing Zone 7's actual contribution to PWRPA's reserve amount. Zone 7 shall remit payment to PWRPA within 30 days of receiving the billing statement from PWRPA. Zone 7's contribution to PWRPA's reserve amount shall be subject to a partial or full refund, as reasonably determined by PWRPA's Treasurer in relation to potential termination costs (as described in Section 7.2), upon termination of this Interim Agreement without replacement by the ASA.

4.5 **PG&E Nonbypassable Charges**: Under the WDT Settlement Agreement, PWRPA is responsible for the payment of Exit Fees, if any, applicable to the Designated Accounts. As part of the review process established under the Letter Agreement, PWRPA previously provided Zone 7 a description of the Exit Fees. As also stated in Section 4.2.5, Zone 7 agrees to reimburse PWRPA for PWRPA's payment of Exit Fees.

ARTICLE 5
OPERATIONAL MATTERS

5.1 **General**: As described in Sections 1.4.2 and 3.2.2, PWRPA policies and rules shall apply to electric service provided Zone 7 under this Interim Agreement.

5.2 **Metering and Telecommunications**: If required in order to conform to PWRPA's existing metering policy, PWRPA shall install metering and associated telecommunication equipment for the Designated Account(s). Zone 7 shall be responsible for all costs relating to metering and telecommunication equipment and services necessary to comply with PWRPA's metering policy.

5.3 **Forecast and Scheduling**: Zone 7 shall comply with PWRPA's forecasting and scheduling policies. Without limiting the generality of the foregoing, Zone 7 shall provide prompt notice to PWRPA of any event reasonably known to Zone 7 that may materially impact electricity usage at any Designated Account.

ARTICLE 6
FULL PARTICIPATION UNDER THE ASA

6.1 **General**: As described in the Letter Agreement, the Parties contemplate that beginning on or about January 1, 2015 (and the effectiveness of Zone 7's BRC Allocation) Zone 7 shall receive electric service from PWRPA pursuant to the ASA.

6.2 **Action Required:**

6.2.1 **Concurrence by Existing Project Participants**: As described in Section 10.1 of the ASA (and summarized in Section 4.e. of the Letter Agreement), unanimous consent of the then-existing Project Participants is required in order to add an additional Project Participant to the ASA. PWPRA shall, in good faith and as soon as reasonably practicable following the Effective Date, seek to obtain the consent of the then-existing Project Participants to Zone 7's inclusion as a Project Participant under the ASA. PWRPA shall provide notice to Zone 7 of the then-existing Project Participants' response to PWRPA's request for consent.

6.2.2 Buy-In Cost: Within 15 days of its receipt of PWRPA's notice under Section 6.2.1 of the unanimous consent of the then-existing Project Participants to Zone 7's inclusion as a Project Participant under the ASA, Zone 7 shall pay the Buy-in Cost. No further action shall be taken by PWRPA with respect to the ASA until Zone 7 has paid the Buy-in Cost.

6.2.3 Execution of Additional Agreements: If PWRPA is able to obtain the consent of the then-existing Project Participants to Zone 7's inclusion as a Project Participant under the ASA, PWRPA shall promptly present executable copies of the ASA and the Cost Sharing Agreement to Zone 7. Zone 7 may be required to execute additional agreements reasonably necessary to effectuate the purposes of the ASA.

6.2.4 Assignment of BRC Allocation: As described in Section 4.3 of the ASA, each Project Participant agrees to request from WAPA an assignment to transfer to PWRPA the operational use of the Project Participant's BRC Allocations. As soon after the execution of the ASA as reasonably practicable, Zone 7 shall request such assignment.

6.2.5 Additional Action: Zone 7 and PWRPA shall undertake such additional actions as may be reasonably necessary in order to cause the ASA to be effective as to Zone 7.

ARTICLE 7
TERMINATION AND WITHDRAWAL

7.1 Term: The term of this Interim Agreement shall begin on the Effective Date and, unless earlier terminated, shall continue until the later of (a) the date on which this Interim Agreement has been superseded by the effectiveness of the ASA as to Zone 7 and (b) the date which is 10 years after the Effective Date; provided, however, if so requested by Zone 7, prior to the expiration of this Interim Agreement pursuant to this subsection (b) Zone 7 and PWRPA shall negotiate in good faith for an extension of this Interim Agreement on terms and conditions mutually acceptable to Zone 7 and PWRPA.

7.2 Termination:

7.2.1 Default: It shall be an event of default if Zone 7 fails to observe or perform any material provision of this Interim Agreement, and if Zone 7 does not cure such failure within a reasonable period of time after receipt of written notice specifying such failure, but not longer than 30 days after such notice; provided, however, if Zone 7 has commenced to cure the same within such period and thereafter shall prosecute the curing of same with reasonable diligence, then the time within which such failure may be cured shall be extended for such period as may be reasonably necessary to complete the curing with reasonable diligence. In addition to all other remedies provided under law, PWRPA may terminate this Interim Agreement upon written notice to Zone 7 if Zone 7 has not cured an event of default as described in the preceding sentence. Upon such termination, Zone 7 shall be responsible for its share of all costs, expenses, advances, and other obligations in connection with this Interim

Agreement, including Zone 7's relative share (as described with reference to principle I.D. in Exhibit E of the ASA) of net unavoidable costs associated with all Supplemental Power contracts existing as of the termination date. The final calculation of Zone 7's obligation for costs shall occur as soon after the termination date as reasonably possible, and such obligation shall survive Zone 7's withdrawal until fully satisfied by Zone 7.

7.2.2 **Suspension of Electric Service**: If a payment is not made by Zone 7 in accordance with the terms of this Interim Agreement or the ASA, PWRPA may suspend or discontinue electric service to Zone 7 upon no less than 30 days advance written notice, during which period Zone 7 may cure its breach by making the required payment. Additionally, PWRPA may suspend or discontinue electric service to Zone 7 immediately and with reasonable notice if PWRPA determines that electric facilities associated with the Designated Account are unsafe and hazardous, or where a jurisdictional authority notifies PWRPA that the electric facilities are unsafe and hazardous or not in compliance with applicable laws.

7.2.3 **Termination by Zone 7**: Zone 7 may terminate this Interim Agreement upon (a) no less than 60 days written notice, if PWRPA has not initiated electric service to a Designated Account or (b) no less than 180 days written notice, if PWRPA has initiated electric service to a Designated Account. During the notice period, PWRPA shall make good faith efforts to minimize the incurrence of costs attributable to Zone 7 under this Interim Agreement (including Sections 4.2.3 and 4.2.5). Notwithstanding the foregoing, Zone 7 shall be responsible for its share of all costs, expenses, advances, and other obligations in connection with this Interim Agreement, including Zone 7's relative share (as described with reference to principle I.D. in Exhibit E of the ASA) of net unavoidable costs associated with all Supplemental Power contracts existing as of the date of Zone 7's notice under this section. The final calculation of Zone 7's obligation for costs shall occur as soon after Zone 7's withdrawal as reasonably possible, and such obligation shall survive Zone 7's withdrawal until fully satisfied by Zone 7. As described in Section 8.2 of the Distribution Facilities Agreement, title to the distribution facilities shall revert to Zone 7 upon termination of this Interim Agreement.

7.2.4 **Cooperation in Returning to PG&E Retail Service**: PWRPA shall cooperate in good faith as may reasonably be required in returning the Designated Account(s) to retail service by PG&E.

ARTICLE 8
NOTICES

Any and all notices, demands or other communications required or permitted to be given to a Party hereunder (any of which, for purposes of this provision, a "Notice") shall be validly given if served in writing either personally, by electronic mail (followed by deposit in the United States mail, first class postage prepaid with return receipt requested), or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed given at the time of delivery and receipt or (b) by electronic mail shall be conclusively deemed given at the time of delivery by sender if the sender receives the return receipt. All Notices shall be addressed as follows:

If delivered to **Zone 7**: **Zone 7**
Attention: General Manager
100 North Canyons Parkway
Livermore, CA 94551

e-mail: jduerig@zone7water.com

With a copy to: **Zone 7**
Attention: General Counsel
100 North Canyons Parkway
Livermore, CA 94551

e-mail: _________@zone7water.com

If delivered to **PWRPA**: Power and Water Resources Pooling Authority
Attention: General Manager
3514 West Lehman Road
Tracy, CA 95378-2008

e-mail: kent@wkpalmerton.com

With a copy to: **Power and Water Resources Pooling Authority**
c/o BRAUN BLAISING MCLAUGHLIN P.C.
Attention: Scott Blaising, Esq.
915 L Street, Suite 1270
Sacramento, CA 95814

e-mail: blaising@braunlegal.com

Any Party may change its Notice address or may designate additional parties to receive Notices by written notice given in the manner provided herein.

ARTICLE 9
MISCELLANEOUS

9.1 **Applicable Law**: This Interim Agreement and any disputes relating to this Interim Agreement shall be construed in accordance with the laws of the State of California.

9.2 **Severability**: If one or more clauses, sentences, paragraphs or provisions of this Interim Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of this Interim Agreement shall not be affected thereby and shall be treated as lawful and valid, and shall be enforced to the maximum extent possible.

9.3 **Further Assurances**: The Parties agree to execute and deliver all further instruments and documents and take all further actions that may be reasonably necessary to effectuate the purposes and intent of this Interim Agreement.

9.4 **Counterparts:** This Interim Agreement may be executed in any number of counterparts, including through facsimile signatures, and upon execution by PWRPA and Zone 7, each executed counterpart shall have the same force and effect as an original document and as if PWRPA and Zone 7 had signed the same document. Any signature page of this Interim Agreement may be detached from any counterpart of this Interim Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Interim Agreement identical in form but having attached to it one or more signature pages.

9.5 **Assignment**: This Interim Agreement shall be binding on, and inure to the benefit of, PWRPA and Zone 7 and their respective successors and permitted assigns ("Affected Parties"). The rights and duties of Zone 7 under this Interim Agreement may not be assigned without the advance written consent of PWRPA, which consent shall not be unreasonably withheld, delayed or conditioned.

9.6 **No Third-Party Beneficiaries**: Nothing in this Interim Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Interim Agreement upon any person or entity other than the Affected Parties.

9.7 **No Partnership of Joint Venture**: Nothing herein contained shall be construed to make the Parties partners or subject to a joint venture.

9.8 **No Waiver**: Any failure of a Party to enforce any of the provisions of this Interim Agreement (including, in all respects hereunder, those provisions of the ASA that are incorporated herein), or to require compliance with any of its terms at any time during the pendency of this Interim Agreement, shall in no way affect the validity of this Interim Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce each and every such provision. Any consent or approval given pursuant to this Interim Agreement shall be limited to its express terms and shall not otherwise increase the obligations of the Party giving such consent or approval or otherwise reduce the obligations of the Party receiving such consent or approval.

9.9 **Construction and Interpretation:** The Parties acknowledge and agree that this Interim Agreement has been arrived at through negotiation, and that each Party has had a full and fair opportunity to revise the proposed terms of this Interim Agreement. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in construing and interpreting this Interim Agreement.

***

ARTICLE 10
SIGNATURE

IN WITNESS WHEREOF, PWRPA and Zone 7 have executed this Interim Agreement as of date written below.

POWER AND WATER RESOURCES POOLING AUTHORITY

By: ___________________________________

Title: __________________________________

Date: _____________________

ZONE 7

By: ___________________________________

Name: _________________________________

Title: __________________________________

Date: ____________________

Exhibit A
To the
Interim Agreement

- List of Exhibits -

This Exhibit A is effective as of: **Effective Date**.

	Description	Approval
Exhibit A:	List of Exhibits	Effective Date
Exhibit B:	Designated Accounts	Effective Date
Exhibit C:	*[Reserved]*	
Exhibit D:	*[Reserved]*	
Exhibit E:	*[Reserved]*	
Exhibit F:	*[Reserved]*	
Exhibit G:	*[Reserved]*	
Exhibit H:	*[Reserved]*	
Exhibit I:	*[Reserved]*	
Exhibit J:	*[Reserved]*	
Exhibit K:	*[Reserved]*	

Exhibit B
To the
Interim Agreement

- Designated Accounts -

This Exhibit B is effective as of: **Effective Date**.

Name	**Location**	**Expected Peak Demand (kW)**	**Expected Annual Energy (kWh)**
Patterson Pass Water Treatment Plant	8756 Patterson Pass Road Livermore, California	370	1,250,000
Mocho 3 Well	2703 Santa Rita Road Pleasanton, California	480	1,700,000
Mocho 4 Well	2703 Santa Rita Road Pleasanton, California	525	1,400,000
Demineralization Plant	2703 Santa Rita Road Pleasanton, California	1,200	2,800,000

DISTRIBUTION FACILITIES AGREEMENT
– POWER AND WATER RESOURCES POOLING AUTHORITY –

This **Distribution Facilities Agreement** ("Facilities Agreement"), effective on the date described in Section 2.1, is made and entered into by and between the **Power and Water Resources Pooling Authority** ("PWRPA") and the **________________________________** ("Customer") (collectively, "Parties"). Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Aggregation Services Agreement ("ASA").

RECITALS

1. PWRPA is a local publicly owned electric utility, as defined in California Public Utilities Code Section 224.3 ("Utility"), and provides retail electric service to the Customer and other Project Participants pursuant to the ASA and policies, rates, terms and conditions adopted by PWRPA's Board of Directors ("Board"), which administers the ASA and serves as the local regulatory authority for PWRPA.
2. PWRPA receives wholesale delivery services under various contractual and tariff-based arrangements. These arrangements allow PWPRA to aggregate its generation resources and deliver the output of these resources to specified wholesale delivery points. PWRPA is responsible for delivering electricity from these wholesale delivery points to PWRPA's retail customers, including the Customer.
3. Under certain wholesale delivery arrangements, it is necessary for PWRPA to own and/or control electric distribution facilities as described in Section 3.6.2. These arrangements are generally described in Section 7.8 of the ASA, which contemplates that PWPRA will own and/or control electric distribution facilities in order for PWRPA to deliver electricity from wholesale delivery points to PWRPA's retail customers.
4. Given that PWRPA does not operate within a geographically contiguous service area, in most instances PWRPA's electric distribution facilities are used to serve only one customer. Accordingly, the Board has endorsed distribution facilities principles that, to the maximum extent reasonably practicable, require the customer to install, operate, maintain and replace the electric distribution facilities that serve that particular customer.
5. PWRPA is willing to provide distribution services to the Customer on the condition that the Customer agrees to specified terms and conditions relating to the electric distribution facilities. PWRPA and the Customer desire to enter into this Facilities Agreement in order to specify such terms and conditions, including the terms and conditions under which the Customer will install, convey, operate, maintain and replace required electric distribution facilities, and PWRPA will own and control such electric distribution facilities. As further described hereunder, the Customer acknowledges that this Facilities Agreement is subject to such future modifications that the Board determines are necessary in order for PWRPA to provide distribution services.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth herein, PWRPA and the Customer agree as follows:

ARTICLE 1
CONTRACT DOCUMENTS

1.1 **Definitions**: Capitalized terms used in this Facilities Agreement without other definition herein shall have the meanings given to such terms in the ASA.

1.2 **ASA Incorporated**: This Facilities Agreement consists of this document, as it may be amended or modified from time to time, and the ASA, as it may be amended from time to time. The ASA is hereby incorporated by reference.

1.3 **Amendments**: This Facilities Agreement may be amended by written instrument executed by PWRPA and the Customer.

1.4 **Board Modifications**: As described in Section 5.1 of the ASA, the Board is the local regulatory authority for PWRPA and, among other things, the Board is responsible for establishing, adopting and overseeing policies, rates, terms and conditions for retail electric service provided by PWRPA to the Project Participants. This Facilities Agreement is expressly subject to such modifications as the Board may from time to time direct in the exercise of its role as local regulatory authority for PWRPA and make generally applicable to all electric distribution facilities agreements in order to conform such agreements to then-current policies, rates, terms and conditions for retail electric service provided by PWRPA to the Project Participants; provided, however, (a) any modification to this Facilities Agreement must be adopted pursuant to a Board resolution and (b) any such Board resolution adopting a modification must receive an affirmative vote of the Board consisting of no less than 75% of the voting shares of the Project Participants. PWRPA shall provide written notice to the Customer of any Board-adopted modifications to this Facilities Agreement.

1.5 **Exhibits**: The Parties intend that exhibits to this Facilities Agreement ("Exhibits") shall describe various administrative, financial, operational, and technical descriptions, methodologies and procedures necessary to implement this Facilities Agreement. Exhibits (and modifications to such exhibits) shall become a part of and incorporated into this Facilities Agreement upon approval or ratification by the Board. PWRPA shall provide written notice to the Customer of the modification or deletion of any exhibit or the inclusion of a new exhibit. The current list of exhibits is contained in Exhibit A, as may be modified from time to time.

1.6 **Conflicting Provisions**: Notwithstanding Section 2.4 of the ASA, in the event of any conflict between this document and the ASA, this document shall control.

ARTICLE 2
EFFECTIVENESS

2.1 **Effective Date**: This Facilities Agreement shall be effective on the first day when both of the following shall have occurred: (a) this Facilities Agreement shall have been executed by the Customer and delivered by the Customer to PWRPA and (b) PWRPA shall have executed this Facilities Agreement ("Effective Date").

2.2 **Term**: This Facilities Agreement shall be effective on the Effective Date and shall continue in effect during the period of time in which PWRPA owns and controls electric distribution facilities under this Facilities Agreement. The foregoing shall not be construed as precluding the Customer from exercising its rights under Section 10.2 of the ASA to withdraw from the ASA and no longer receive electric service from PWRPA, as further described in Section 8.2.

ARTICLE 3
SCOPE AND RELATIONSHIP

3.1 **General**: PWRPA is a Utility and provides full requirements retail electric service to its customers. Under certain wholesale delivery arrangements, it is necessary for PWRPA to own and/or control electric distribution facilities that interconnect with PG&E's electric system. A general description of the various interconnected electric facilities is provided in Section 3.6. The Parties intend that, to the maximum extent reasonably practicable, PWRPA will delegate and the Customer will assume all responsibilities for the installation, operation, maintenance and replacement of PWRPA's electric distribution facilities used to serve the Customer (as defined in Section 3.6.2, "Distribution Facilities").

3.2 **PWRPA**:

3.2.1 **Local Publicly Owned Electric Utility**: PWRPA is a Utility and provides retail electric service to the Customer. As a Utility, PWRPA has various responsibilities with respect to the Distribution Facilities, including but not limited to operation of the Distribution Facilities in coordination with PG&E's electric system.

3.2.2 **Local Regulatory Authority**: The Board is the local regulatory authority for PWRPA, and establishes policies and rates governing PWRPA's operations.

3.3 **Customer**: The Customer receives retail electric service from PWRPA. The Customer is a water agency and has experience installing and operating electric facilities and systems to support its water-related operations.

3.4 **Coordination with PG&E**: The Distribution Facilities will be interconnected with PG&E's wholesale distribution system, and PWRPA will receive wholesale distribution service from PG&E for the delivery of electricity over PG&E's system to the Distribution Facilities. Accordingly, PWRPA and, as necessary, the Customer shall coordinate with PG&E, and PWRPA and the Customer shall abide by terms and conditions under all applicable interconnection and distribution service tariffs and agreements ("WDT Agreement"). PWPRA shall have the primary responsibility for communicating and coordinating with PG&E, and shall provide direction to the Customer concerning the scope of and process for the Customer's communication with PG&E regarding the Distribution Facilities.

3.5 PWRPA Engineer: PWRPA shall designate an individual ("PWRPA Engineer") who shall have primary responsibility in carrying out PWRPA's various responsibilities with respect to the review, coordination and approval of matters under this Facilities Agreement.

3.6 General Description of Facilities: In general, the following descriptions relate to electric facilities involved in the delivery of electricity to the Customer's electrical loads. These general descriptions shall be modified and made more specific in subsequent Exhibits.

3.6.1 PG&E's Interconnection Facilities: PG&E's electric facilities shall generally consist of a pole(s) for the primary voltage (12 kV) service drop, a meter cabinet for the wholesale meter, telecommunication equipment, and related facilities (as further described in Exhibit B-1, "PG&E Facilities").

3.6.2 PWRPA's Distribution Facilities: PWRPA's distribution facilities shall generally consist of primary conductors from the interconnection point, a pad-mounted transformer, service conductors (from the transformer to the meter), a meter and related facilities (as further defined and described in Exhibit B-2, "Distribution Facilities").

3.6.3 Customer's Electric Facilities: The Customer's electric facilities shall generally consist of a meter panel, service conductors (from the panel to the actual electrical loads), and related facilities (as further described in Exhibit B-3).

3.7 Use of Contractors: Nothing in this Facilities Agreement shall prevent a Party from utilizing the services of a contractor(s) as it deems appropriate to perform its obligations under this Facilities Agreement. Notwithstanding the foregoing, however, the creation of any such contract relationship shall not relieve the hiring Party of any of its obligations under this Facilities Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any contractor the hiring Party hires, and any applicable obligation imposed by this Facilities Agreement on the hiring Party shall be equally binding on, and shall be construed as having application to, any contractor of such Party.

3.8 Customer Disputes Regarding Technical Matters: As described further hereunder, the PWRPA Engineer has various responsibilities with respect to the review and approval of technical drawings, specifications and plans. From time to time, disputes between the Customer and the PWRPA Engineer may arise as to these technical matters. In such situations, the Parties agree to the following informal dispute resolution process:

3.8.1 Appeal to the PWRPA General Manager: Any technical dispute between the Customer and the PWRPA Engineer must first be appealed to the PWRPA General Manager who will attempt to resolve the dispute. If, after a reasonable amount of time, the PWRPA General Manager fails to resolve the dispute to the satisfaction of the Customer, the Customer may appeal to the Board for resolution of the dispute.

3.8.2 Appeal to the Board: Any technical dispute between the Customer and the PWRPA Engineer that is not resolved pursuant to Section 3.8.1 may be appealed to the Board for resolution. The Board's decision regarding the technical dispute shall be final.

3.8.3 Other Non-Technical Disputes: The dispute resolution process to be followed on legal and other non-technical matters is described in Section 9.4, below.

ARTICLE 4
DESIGN AND INSTALLATION

4.1 Design and Engineering: Certain design and engineering work will be necessary to, among other things, (a) facilitate PG&E's design of the PG&E Facilities, (b) demonstrate compliance with applicable standards and requirements under the WDT Agreement, and (c) prepare documents necessary for the construction of the Distribution Facilities. PWRPA shall have primary responsibility for the design and engineering of the Distribution Facilities. In carrying out this responsibility, PWRPA may delegate to the Customer certain responsibilities on terms acceptable to the Customer and PWRPA. In any event, PWRPA shall coordinate with the Customer to ensure that the Distribution Facilities are reasonably satisfactory in regard to the Customer's reliability standards and other applicable standards unique to the Customer.

4.2 Coordination with PG&E: The PWRPA Engineer shall have primary responsibility for communication and coordination with PG&E, subject to oversight and direction by the PWRPA General Manager. The Customer shall promptly notify the PWRPA Engineer of all material communication between the Customer and PG&E, and the Customer shall abide by the PWRPA Engineer's reasonable direction with respect to communication with PG&E regarding the Distribution Facilities.

4.3 Permits: The Customer shall have primary responsibility for obtaining all necessary permits associated with or required for the installation of the Distribution Facilities. The Customer shall coordinate with the PWRPA Engineer in advance of obtaining permits in order to confirm matters related to the permits, including but not limited to whether such permits shall be in the name of PWRPA or in the name of the Customer. PWRPA shall cooperate with the Customer as reasonably necessary in order for the Customer to obtain the necessary permits.

4.4 Installation of the Distribution Facilities: The Parties anticipate that in most instances the Customer shall install the Distribution Facilities, and this Facilities Agreement is written with this general understanding. However, the Parties may agree to an alternative arrangement in which PWRPA may install the Distribution Facilities. In any event, the Customer shall be responsible for all costs associated with installing the Distribution Facilities.

4.5 General Installation Standards: The Customer shall install the Distribution Facilities in accordance with (a) documents and direction provided and/or approved by PWRPA and (b) all applicable laws, ordinances, codes, rules, tariffs, regulations, general orders, directives, agreements or requirements of any authority or entity having jurisdiction over or contractual interest in the installation of the Distribution

Facilities. In carrying out this responsibility, the Customer may contract with a qualified electrical contractor that has been approved by the PWRPA Engineer, subject to (x) PWRPA's ongoing right to suspend installation work if such work threatens to cause material damage, injury or harm, or is otherwise reasonably, materially unsatisfactory to PWRPA, (y) the terms and conditions set forth in Section 3.7, and (z) such other terms and conditions as PWRPA shall reasonably establish for the installation work by the Customer's contractor.

4.6 **Inspection**: PWPRA shall inspect the installation of the Distribution Facilities. In this regard, the PWRPA Engineer shall, in advance (ideally in concert with the development of design documents), establish and notify the Customer of required steps within the installation process at which the Customer must obtain the PWRPA Engineer's approval prior to proceeding to the next step. In addition to these required inspection steps, the PWRPA Engineer may, as reasonably necessary, notify the Customer of other steps at which the PWRPA Engineer must provide approval. PWRPA agrees that where approval by the PWRPA Engineer is required under this Facilities Agreement, such approval shall not be unreasonably withheld or delayed. The Customer agrees that neither the inspection nor the approval by the PWRPA Engineer shall relieve the Customer from ultimate responsibility to complete and guarantee the installation of the Distribution Facilities as set forth herein.

4.7 **Final Acceptance**: The Customer shall notify the PWRPA Engineer in writing of the Customer's belief that the Customer has completed the installation of the Distribution Facilities. Upon such notification, the PWRPA Engineer shall promptly inspect the Distribution Facilities and review supporting documents. The PWRPA Engineer shall notify the Customer of the PWRPA Engineer's determination that the Distribution Facilities have been satisfactorily installed. If the PWRPA Engineer determines that the Distribution Facilities have not been satisfactorily installed, he shall provide a description of the deficiencies that are preventing the Distribution Facilities from being determined to be satisfactorily installed. At his discretion, the PWRPA Engineer may determine that the Distribution Facilities have been satisfactorily installed notwithstanding minor deficiencies; provided, however, in such instances the PWRPA Engineer shall notify the Customer of the minor deficiencies and the Customer hereby agrees to correct the deficiencies as reasonably directed by the PWRPA Engineer.

4.8 **Conveyance and Transfer of Title**: Upon obtaining the PWRPA Engineer's determination that the Distribution Facilities have been satisfactorily installed, the Customer shall prepare, execute and deliver to PWRPA a deed of conveyance in a form approved in advance by and reasonably acceptable to PWRPA, indicating, among other things, that the Customer grants and conveys to PWRPA, its successors and assigns, all rights, title and interest in and to the Distribution Facilities, including associated real property (as provided in Section 8.1), free and clear of all liens and encumbrances. Upon PWRPA's receipt and acceptance of the deed of conveyance, and PWRPA's receipt of any formal rights of way, permits or other required instruments, PWRPA shall accept the Distribution Facilities. PWRPA shall promptly notify the Customer by electronic mail of PWRPA's acceptance of the Distribution Facilities. Title to the Distribution Facilities will pass from the Customer to PWRPA at 12:01 a.m. on the day following the date on which PWRPA notified the Customer of PWRPA's acceptance of the Distribution Facilities. PWRPA shall promptly file and record instruments of conveyance (or summary recording documents) with the appropriate County Recorder's office.

4.9 Guarantees and Warranties: All guarantees and warranties implied in fact or law shall apply to installation of the Distribution Facilities. The Customer shall be responsible for the repair or replacement of any part of the Distribution Facilities that develops defects due to faulty material or workmanship after the date of final acceptance by PWRPA. The Customer shall also be responsible for the repair or replacement of other parts of the Distribution Facilities and other equipment or property damaged as the result of the defects, or as a result of the repairing thereof. In addition, in light of the fact that, as further described hereunder, the Customer shall be responsible for all costs associated with the operation, maintenance, repair and replacement of the Distribution Facilities, the Customer shall obtain such available guarantees and warranties with respect to the Distribution Facilities that are commercially acceptable to the Customer.

4.10 Documentation and Drawings: The Customer shall maintain and preserve those documents and drawings relating to the Distribution Facilities that (a) are customarily retained, including but not limited to such documentation to warrant that the Distribution Facilities meet or exceed applicable requirements and are installed in the proper location (as-built drawings) and (b) are specifically required by the PWRPA Engineer in writing.

ARTICLE 5
OPERATION, MAINTENANCE, REPAIR AND REPLACEMENT

5.1 Customer Responsibilities: PWRPA hereby delegates to the Customer, and the Customer hereby accepts responsibility for all "Work" on the Distribution Facilities, where "Work" means all operation, maintenance, additions, removals, rearrangements, relocations, repairs, improvements or replacements to the Distribution Facilities (including, but not limited to, replacement of the Distribution Facilities at the end of their useful lives).

5.2 Cooperation by PWRPA: PWRPA shall cooperate with the Customer as may be reasonably necessary in order for the Customer to carry out its responsibilities with respect to the Work.

5.3 Compliance with Legal Requirements; PG&E Interconnection Agreement:

5.3.1 General: Work performed on the Distribution Facilities shall be performed in accordance with all applicable existing and future laws, ordinances, codes, rules, tariffs, regulations, general orders, directives, agreements or requirements of any authority or entity having jurisdiction over or contractual interest in the performance of the Work.

5.3.2 PG&E Interconnection Agreement: The Customer acknowledges that PWRPA has an interconnection agreement with PG&E relating to the interconnection of PG&E's Facilities and the Distribution Facilities ("PG&E Interconnection Agreement"). The Customer (a) shall ensure that all Work performed on the Distribution Facilities shall be in compliance with the PG&E

Interconnection Agreement; (b) agrees that obligations imposed on PWRPA under the PG&E Interconnection Agreement with respect to Work performed on the Distribution Facilities shall be equally binding on, and shall be construed as having application to, the Customer and (c) shall promptly notify the PWRPA Engineer of all material communication between the Customer and PG&E with respect to Work performed on the Distribution Facilities.

5.3.3 Other Regulatory Obligations: PWRPA shall provide the Customer written notice of such other obligations that may be attendant to or dependent on the classification of the Distribution Facilities as utility distribution company facilities, including but not limited to requirements under the California Independent System Operator's tariffs and the Western Electricity Coordinating Council standards ("UDC Requirements"). PWRPA shall be responsible for interfacing with agencies involved with the enforcement of the UDC requirements, including but not limited to making compliance filings with such agencies. The Customer shall carry out its Work responsibilities in compliance with all applicable UDC Requirements.

5.3.4 Notification of Legal Notices: The Customer shall promptly provide written notice to PWRPA of any inquiry, notice, demand or other communication from an authority or entity having jurisdiction over or contractual interest in the performance of the Work.

5.4 Reports: Without limiting the general obligation to provide such notifications and reports as required under Section 5.3, the Customer shall also provide such additional notifications and reports as PWRPA may reasonably require from time to time relating to Work performed on the Distribution Facilities.

5.5 Suspension of Work; Assumption of Responsibility by PWRPA: PWRPA reserves the right to perform all or a portion of the Work if PWRPA determines that such Work is reasonably, materially unsatisfactory to PWRPA; provided, however, (a) PWRPA shall provide as much advance notice as possible of its intent to perform the Work if the Customer does not remedy its unsatisfactory performance of the Work and (b) PWRPA's performance of the Work shall not relieve the Customer of its duty to perform the Work and the Customer shall diligently seek to attain the capability to satisfactorily perform the Work. The Customer shall be responsible for all PWRPA's costs associated with the performance by PWRPA of Work under this Section 5.5.

ARTICLE 6
COST ALLOCATION

6.1 General: As described above, the Parties intend that the Distribution Facilities shall serve only the Customer's electrical loads. As such, the Parties intend that all costs reasonably related to the installation, operation, maintenance and replacement of the Distribution Facilities, including certain indirect costs, shall be borne by the Customer.

6.2 Direct Payment for Costs: To the extent reasonably practicable and otherwise acceptable to PWRPA, the Customer shall directly pay contractors and/or provide personnel, equipment and/or property for the performance of work related to the installation, operation, maintenance and replacement of the Distribution Facilities.

6.3 **Reimbursement of PWRPA Costs**: The Parties anticipate that PWRPA will incur certain direct costs related to the installation, operation, maintenance and replacement of the Distribution Facilities, including but not limited to costs of the PWRPA Engineer for work relating specifically to the Distribution Facilities, payments made to PG&E for the PG&E Facilities, the cost of permits required to be in the name of PWRPA and taxes associated with the Distribution Facilities ("Direct Costs"). PWRPA shall develop and present to the Customer a billing statement and reasonable documentation of such Direct Costs. The Customer agrees to promptly pay PWRPA for all Direct Costs. Article 9 of the ASA shall apply to the Customer's rights and obligations with respect to payments for Direct Costs described in the billing statement.

6.4 **Assignment of Additional Costs**: From time to time, the Board may determine that the Customer, and other similar customers under distribution facilities agreements with PWRPA, should pay a share of indirect costs reasonably related to costs incurred by PWRPA in order to provide distribution services in connection with the Facilities Agreement and other similar agreements, including but not limited to costs incurred by PWRPA's counsel in the development and administration of contracts relating to distribution facilities ("Indirect Costs"). PWRPA shall develop and present to the Customer a billing statement and reasonable documentation of the Indirect Costs. The Customer agrees to promptly pay PWRPA for all Indirect Costs. Article 9 of the ASA shall apply to the Customer's rights and obligations with respect to payments for Indirect Costs described in the billing statement.

6.5 **Taxes**: PWRPA and the Customer shall work cooperatively to investigate the tax obligation, if any, associated with the Distribution Facilities, and to, if possible, reduce or eliminate any such tax obligation. The Customer shall be responsible for the costs of any taxes associated with the Distribution Facilities.

ARTICLE 7
LIABILITY

7.1 **General**: This Facilities Agreement contemplates that the Customer shall have responsibility for most, if not all, activities involved in the installation, operation, maintenance and replacement of the Distribution Facilities. Accordingly, to the maximum extent reasonably practicable, the Parties desire that the Customer shall be responsible for liability associated with such activity.

7.2 **Indemnification**:

7.2.1 **General**: The Customer shall indemnify, defend and hold harmless PWRPA, its officers, directors, agents, and employees, from and against all claims, demands, losses, damages, costs, expenses, and legal liability connected with or resulting from (a) injury to or death of persons, including but not limited to employees of PWRPA, the Customer, contractor or subcontractor; injury to property of PWRPA, the Customer, or any third party, (b) damage to or loss of tangible property of third parties, (c) damage to or loss of natural resources, or (d) violation of any local, state or federal law or regulation, including but not limited to environmental laws or regulations, or strict liability imposed by any law or regulation; arising out of, related to, or in any way connected with the

Customer's, including its contractor's, employee's and agent's, performance under this Facilities Agreement, however caused, excepting only such claims, demands, losses, damages, costs, expenses, liability or violation of law or regulation as may be caused by the active negligence or willful misconduct of PWRPA, its officers, agents, or employees. The Customer shall, on PWRPA's request, defend any action, claim or suit asserting a claim covered by this indemnity. The Customer shall pay all costs that may be incurred by PWRPA in enforcing this indemnity, including reasonable attorney's fees.

7.2.2 **Environmental**: The Customer acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the work performed under this Facilities Agreement are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs are expressly within the scope of this indemnity.

7.3 **Insurance**:

7.3.1 **Coverage**: Prior to the performance of obligations hereunder, the Customer shall, at its own expense, acquire and maintain, and the Customer shall cause its contractors to acquire and maintain, the following minimum insurance coverages with insurance companies rated "B+/VI" or better by Best's Insurance Guide and Key Ratings (or an equivalent rating by another nationally recognized insurance rating agency of similar standing if Best's Insurance Guide and Key Ratings shall no longer be published) or other insurers approved by PWRPA:

(a) commercial general liability insurance, including bodily injury, property damage, owners and contractors protective, products/completed operations, contractual, and personal injury liability, with a combined single limit of $1,000,000 for each occurrence;

(b) umbrella or excess liability insurance providing excess general liability, automobile liability and employer's liability with a combined single limit of $9,000,000;

(c) workers' compensation insurance with statutory limits, and employers liability insurance with limits of not less than $1,000,000; and

(d) business automobile liability insurance covering owned, non-owned and hired automobiles for a combined single limit of $1,000,000.

7.3.2 **Modification of Limits; Self-Insurance**: PWRPA may, by written notice to the Customer, modify the coverages and limits set forth in Section 7.3.1. PWRPA agrees that the Customer may elect to satisfy its insurance obligation by providing PWRPA reasonable evidence of the Customer's ability to "self-insure."

7.3.3 Additional Insureds; Notification: The insurance policies acquired and maintained, or caused to be acquired and maintained, by the Customer pursuant to Section 7.3.1(a), (b) and (d) shall be endorsed to name PWRPA and its directors, officers, agents, representatives and employees as additional insureds. All policies of insurance maintained pursuant to this Section 7.3.1 shall (a) require 30 days' prior notice to PWRPA of cancellation, non-renewal or material change in coverage or in available limits of coverage, and (b) provide that such insurance is primary without right of contribution from any other insurance which might otherwise be available.

7.3.4 Evidence of Coverage: Evidence of insurance for the coverages specified herein shall be provided by the Customer to PWRPA on or before the dates such insurance is required to be in effect hereunder, and at such other times as reasonably requested by PWRPA.

7.3.5 Miscellaneous: PWRPA shall not, by reason of its inclusion as an additional insured, incur any liability for payment of the premiums therefor. The insurance coverages to be provided pursuant to Section 7.3.1 are not intended to and shall not in any manner limit or qualify the obligations of the Customer under this Facilities Agreement. If PWRPA is caused to acquire and maintain insurance in its own name, the Customer shall be responsible for the costs of such insurance, or reasonable portion thereof (if such insurance also applies to other distribution facilities).

ARTICLE 8
TITLE AND ACCESS

8.1 Land Rights:

8.1.1 Access: The Customer hereby grants to PWRPA (a) the right to install, own, operate, maintain and replace the Distribution Facilities on the Customer's property, together with sufficient legal clearance between all structures now or hereafter erected on the Customer's property and (b) the right to enter and leave the Customer's property for any purpose connected with inspection, installation, operation, maintenance and replacement of the Distribution Facilities, and the exercise of any other right granted PWRPA by virtue of its status as the Customer's retail electric utility. Such access rights shall continue while this Facilities Agreement remains in effect.

8.1.2 Additional Land Rights: Where more formal rights-of-way, easements, land leases, licenses or permits are required by PWRPA for the installation of the Distribution Facilities on or over the Customer's property, or the property of others, the Customer acknowledges and agrees that PWRPA shall not be obligated to install the Distribution Facilities or accept the Distribution Facilities installed by the Customer unless and until any necessary rights-of-way, easements, land leases, licenses or permits, satisfactory to PWRPA, are granted to PWRPA or obtained by the Customer for the benefit of PWRPA.

8.2 Title to the Distribution Facilities; Reversion to the Customer: From and after the date established pursuant to Section 4.8, title to the Distribution Facilities shall be held in the name of PWRPA. PWRPA agrees that title to the Distribution Facilities shall revert to the Customer upon the Customer's withdrawal from the ASA under Section 10.2 of the ASA, subject to such conditions as the Board may specify in connection therewith.

8.3 **Use**: Use of the Distribution Facilities exclusively to serve the Customer's electrical loads shall not create in the Customer any right beyond that which is expressly stated herein. Such use shall not ripen into any title or right in or to the Distribution Facilities. The Customer shall not make any claim of right or title to the Distribution Facilities, nor shall the Customer resist or assail PWRPA's title to the Distribution Facilities, based on the Customer's exclusive use of the Distribution Facilities.

8.4 **Mechanics' Liens**: The Customer shall not permit any mechanics', materialmen's or other similar lien to be filed or claimed against the Distribution Facilities or the Customer's interest therein by reason of any work, labor, material, services or supplies furnished or purportedly furnished to or for the Distribution Facilities by contractors. If such lien shall be filed or claimed against the Distribution Facilities, the Customer shall fully discharge and release such lien from the Distribution Facilities by posting bond or otherwise; provided, however, the Customer may contest any such lien so long as the enforcement thereof is stayed.

ARTICLE 9
MISCELLANEOUS

9.1 **Further Assurances**: The Customer acknowledges and agrees (a) that this Facilities Agreement only contains certain basic terms and conditions required by PWRPA in order to install, inspect, own, operate, maintain and replace the Distribution Facilities, and (b) that further documents will likely be necessary in order to carry out such activities. Accordingly, the Customer agrees to execute and deliver all further instruments and documents and take all further actions that may be reasonably necessary to effectuate the purposes and intent of this Facilities Agreement.

9.2 **Severability**: If one or more clauses, sentences, paragraphs or provisions of this Facilities Agreement shall be held to be unlawful, invalid or unenforceable, the remainder of this Facilities Agreement shall not be affected thereby and shall be treated as lawful and valid, and shall be enforced to the maximum extent possible.

9.3 **Counterparts**: This Facilities Agreement may be executed in any number of counterparts, including through facsimile signatures, and upon execution by PWRPA and the Customer, each executed counterpart shall have the same force and effect as an original document and as if PWRPA and the Customer had signed the same document. Any signature page of this Facilities Agreement may be detached from any counterpart of this Facilities Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Facilities Agreement identical in form but having attached to it the other Party's signature page.

9.4 **Dispute Resolution**: The dispute resolution process to be followed for matters related to this Facilities Agreement is described in Section 8.1 of the Joint Powers Agreement, which is hereby incorporated into and made a part of this Facilities Agreement.

9.5 **Assignment**: This Facilities Agreement shall be binding on, and inure to the benefit of, PWRPA and the Customer and their respective successors and permitted assigns ("Affected Parties"). Except as otherwise expressly provided in this Facilities Agreement, the rights and duties of the Customer may not be assigned or delegated without the advance written consent of PWRPA, which consent shall not be unreasonably withheld, delayed or conditioned.

9.6 **No Third-Party Beneficiaries**: Nothing in this Facilities Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Facilities Agreement upon any person or entity other than the Affected Parties.

9.7 **Notices**: Any notice, demand, report, or other similar item otherwise provided for in this Facilities Agreement shall be given in writing, except as otherwise provided in this Facilities Agreement, and shall be deemed properly given if delivered personally or by electronic facsimile transmission, or sent by first class United States Mail or overnight or express mail service, the postage or fees prepaid, to each of the persons specified below:

(a) To PWRPA:

Attention: General Manager

Mailing address:	Delivery address:
P.O. Box 299	3514 West Lehman Road
Tracy, CA 95378-0299	Tracy, CA 95378-2008
Fax number: 209-835-2009	

With a copy to its counsel:

Scott Blaising
Braun Blaising McLaughlin, P.C.
915 L Street, Suite 1270
Sacramento, CA 95814
Fax number: 916-563-8855

And,

(b) To the Customer:

Attention: ____________________

Mailing address:	Delivery address:
______________________	______________________
____________________	____________________

Fax number: __________________

ARTICLE 10
SIGNATURE

IN WITNESS WHEREOF, PWRPA and the Customer have executed this Facilities Agreement as of date written below.

POWER AND WATER RESOURCES POOLING AUTHORITY

By: ___________________________________

Name: _________________________________

Title: __________________________________

Date: _____________________

CUSTOMER

By: ___________________________________

Name: _________________________________

Title: __________________________________

Customer Name: ________________________________

Date: ____________________

Exhibit A
To the
Distribution Facilities Agreement

- List of Exhibits -

This Exhibit A is effective as of: ______________.

	Description	**Approval**
Exhibit A:	List of Exhibits	
Exhibit B:	Description of Facilities	
Exhibit B-1:	PG&E Facilities	
Exhibit B-2:	PWRPA's Distribution Facilities	
Exhibit B-3:	Customer Facilities	
Exhibit C:	*[Reserved]*	
Exhibit D:	*[Reserved]*	
Exhibit E:	*[Reserved]*	
Exhibit F:	*[Reserved]*	
Exhibit G:	*[Reserved]*	
Exhibit H:	*[Reserved]*	
Exhibit I:	*[Reserved]*	
Exhibit J:	*[Reserved]*	
Exhibit K:	*[Reserved]*	

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Facilities Engineering
CONTACT: Sal Segura/Rhett Alzona

AGENDA DATE: November 16, 2011 ITEM NO. 10

SUBJECT: Rules and Regulations Governing Untreated Water Service

SUMMARY:

- Zone 7 currently has 72 untreated water users with a total maximum annual allocation of 8,129 acre-feet per year.
- Zone 7 directly delivers untreated water to seven "turnout water users" via South Bay Aqueduct Turnouts. The remaining 65 untreated water users ("remote water users") receive their deliveries through the turnout water users' respective conveyance systems. Zone 7 only invoices "turnout water users," who in turn, invoice the "remote water users" they serve. The existing untreated water contracts do not reflect this practice.
- In December 2010, a majority of the existing contracts were extended for one year in anticipation of updating the untreated water program administration process.
- Staff collaborated with untreated water users to develop the Rules and Regulations Governing Untreated Water Service to accurately reflect Zone 7's actual relationship with the untreated water users and to efficiently administer the untreated water program.
- The Rules and Regulations retain and clearly document the maximum annual allocation amount for each water user and provide a process for water transfers within Zone 7's service area.
- The Rules and Regulations will become effective upon adoption.
- Staff has met with turnout and remote untreated water users to receive their input. The untreated water users' concerns have been addressed and incorporated in the Rules and Regulations.
- Staff recommends adopting the proposed Rules and Regulations.

FUNDING:
This effort is funded from Fund 52 –Water Enterprise Fund.

RECOMMENDED ACTION:
Adopt the attached resolution adopting the Rules and Regulations Governing Untreated Water Service and authorizing the General Manager to implement the Rules and Regulations.

ATTACHMENTS:

1. Interoffice Memo
2. Zone 7 Board Resolution
3. Rules & Regulations Governing Untreated Water Service

Interoffice Memo

Date: November 16, 2011
To: Jill Duerig, General Manager
From: Sal Segura, Associate Civil Engineer
Subject: Rules and Regulations Governing Untreated Water Service

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

BACKGROUND\DISCUSSION:

Untreated water deliveries to the Zone 7 service area from the California Department of Water Resources (DWR) via the South Bay Aqueduct (SBA) began in 1962. Over the years, deliveries increased with the agricultural development of South Livermore. Zone 7 now has contractual agreements with 72 untreated water users who, collectively, may request water deliveries of up to 8,129 acre-feet per year. More than half of these contracts will expire on December 31, 2011.

While Zone 7 has untreated water contracts with 72 separate water users, only seven of these contractors receive Zone 7 water directly from an SBA turnout. These water users are referred to as "turnout water users." The remaining 65 "remote water users" receive their water deliveries through the turnout water users' respective conveyance facilities. Zone 7's practice has been to invoice the seven turnout water users for all water delivered through the SBA turnouts, which includes water wheeled (delivered through their facilities) to remote water users. The turnout water users, in turn, invoice the respective individual remote water users. The untreated water contracts do not contain provisions describing this relationship between the turnout and remote water users.

Since 2006, Zone 7 has been extending untreated water contracts for 1 to 2 years with the intention of updating the program administration process to reflect Zone 7's actual relationship and practices with untreated water users.

Staff, in collaboration with turnout water users, remote water users, and Zone 7's counsel, has developed the proposed Rules and Regulations to replace the existing contracts as they expire. The proposed Rules and Regulations are intended to address common issues related to untreated water service and realize cost savings to the untreated water program by eliminating the need to administer, negotiate and/or renew a variety of individual contracts. The Rules and Regulations retain and clearly document the maximum allocation amount for each water user and provide a process for water transfers within Zone 7's service area.

Staff has shared the proposed Rules and Regulations with all water users and has held meetings to receive their comments and concerns. The untreated water users' concerns have been addressed and incorporated in the Rules and Regulations.

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Rules and Regulations Governing Untreated Water Service

WHEREAS, Zone 7 currently has 72 separate untreated water contracts and the majority of these contracts will expire on December 31, 2011; and

WHEREAS, of the 72 untreated water contracts, Zone 7 directly delivers water to only seven turnout water users and directly invoices only those seven turnout water users who in turn, deliver water to and invoice the remaining 65 remote water users; and

WHEREAS, Zone 7 seeks to update the program administration process to accurately reflect its actual relationship with the untreated water users and to efficiently administer the untreated water program; and

WHEREAS, Zone 7 staff in collaboration with the untreated water users has developed the Rules and Regulations to replace the existing contracts as they expire.

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 adopt the attached Rules and Regulations Governing Untreated Water Service by the Alameda County Flood Control and Water Conservation District, Zone 7;

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to implement the Rules and Regulations Governing Untreated Water Service.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011

By______________________________
President, Board of Directors

RULES AND REGULATIONS
GOVERNING
UNTREATED WATER SERVICE
BY THE ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT, ZONE 7
(Adopted ______________, 2011)

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SECTION 6: ENFORCEMENT OF RULES & REGULATIONS

General

Failure to Comply with Rules & Regulations

Hearing and Appeal

Attorney Fees and Costs

SECTION 1: DEFINITIONS

"Allocation Amount" means each Water User's share of Zone 7 Water, as delineated in Exhibit A, and as updated by the General Manager or designee from time to time to reflect changes. Allocation of untreated water is available only through transfer from another Water User's allocation as shown on Exhibit A.

"Application" means formal request submitted on a form to acquire an allocation of Zone 7 water. The purpose of an Application is typically, but not limited to, allocation transfers or change of ownership. Application forms are available from Zone 7.

"Board" means the Board of Directors of the Alameda County Flood Control and Water Conservation District, Zone 7.

"Conduits" means canals, laterals, ditches, drains, flumes, pipes, measurement, and control devices, and all related operational facilities.

"DWR" means the State of California Department of Water Resources.

"General Manager" means the General Manager of Zone 7 or any person designated by the General Manager to perform the acts or to make the determinations permitted or required under these Rules and Regulations to be made by the General Manager.

"Improvement District" means an improvement district formed under the California Water Code.

"Improvement District Facilities" include conduits, pumps, wells, structures, and other facilities owned by an Improvement District.

"Landowner" means holder of title or evidence of title to land.

"Measuring Device" means the device used for measuring water, a meter, weir, flume, meter gate, or other standard device.

"Person" means any person, firm, association, organization, partnership, business trust, corporation, or company.

“Point-of-Delivery” means the point at which water moves from DWR/Zone 7 control to private control. This point is typically located past the DWR meter.

“Premises” means the integral property or area, including improvements thereon, to which Zone 7 water service is or is to be provided.

"Private" means any interest belonging to, restricted to, or intended for an individual or group of individuals’ benefit.

“Remote Water User” means Water User receiving untreated water service indirectly from Zone 7 by connecting to a Turnout Water User’s system.

“Rules and Regulations” means the Rules and Regulations Governing Untreated Water Service, as adopted by the Alameda County Flood Control and Water Conservation District, Zone 7 Board of Directors on _______________**, 2011**, and as subsequently amended from time to time.

“Service Area” means all lands within Zone 7’s boundary as it may change from time to time.

“State Contract” means the contract between the DWR and Zone 7 dated November 20, 1961, and any amendments thereto.

“Temporary Untreated Water Rate” means the price per acre-foot charged for temporary water use as established by the Zone 7 Board of Directors. A request for temporary water use is limited to a maximum of six month period and as approved by the General Manager.

“Turnout” means the turnout meter, meter vault and all required appurtenances to deliver or divert Zone 7 Water from the South Bay Aqueduct into facilities owned or controlled by other than Zone 7.

“Turnout Water User” means Water User connected directly to Zone 7 Facilities and/or DWR Water Facilities.

“Untreated Water Rate” means the price per acre-foot of water charged to Turnout Water Users as established by the Zone 7 Board of Directors.

"Water User" means those receiving untreated water from Zone 7 under the Rules and Regulations herein defined. A Water User may be a Turnout Water User or a Remote Water User.

“Zone 7” means the Alameda County Flood Control and Water Conservation District, Zone 7.

"Zone 7 Facilities" includes structures, conduits, pumps, and all other facilities of Zone 7 as identified by records, but do not include Improvement District Facilities.

“Zone 7 Water” means the untreated water allocated to Zone 7 by the DWR, which Zone 7 has the right to store, divert, deliver and/or sell for use.

SECTION 2: FACILITIES

Control & Operation of Facilities

2.1. All Zone 7 Facilities and DWR Facilities are under the exclusive control, direction, and management of authorized Zone 7 personnel and DWR personnel, respectively. At no time shall any unauthorized person, private or public, interfere with, regulate, or control any Zone 7 or DWR Facility.

2.2. Zone 7 shall not be responsible for the conveyance of water among or between any recipient or user thereof from Private facilities, nor shall Zone 7 be liable for water after it leaves the points of delivery to facilities owned by others. Zone 7's liability for water shall cease when the water is diverted into any Private or Improvement District Facility.

2.3. Zone 7 shall not be liable for any nuisance or neglect, wasteful or other use, or handling of water by any recipient or user thereof past the Point-of-Delivery.

2.4. Zone 7 is not a guarantor of service and shall not be liable for any damage any person may suffer as a result of insufficient water, interruptions of service, water fluctuations, quality of water, untimely delivery of water or water not delivered.

2.5. Zone 7 shall not be responsible for operating, maintaining or replacing water distribution facilities not owned by Zone 7. The installation and maintenance of a Zone 7 or DWR owned measuring device on private property or within a portion of a water distribution system not owned by Zone 7 shall not create any obligation on the part of Zone 7 for operation, maintenance, or replacement of any segments of the water distribution system owned by others such as those owned and/or managed by Turnout Water Users.

Turnouts

2.6. Water User shall take water deliveries through existing Turnout Facilities or facilities designed and/or constructed by Zone 7, at its option, in accordance with the delivery capacities requested by Water User.

2.7 A Water User may, upon approval by Zone 7, design and/or construct such facilities, such design and/or construction subject to review and inspection approval by Zone 7 and, if applicable, the DWR. Turnout Water User agrees to pay for all costs incurred by Zone 7 related to the Turnout Facilities including but not limited to construction, design engineering or design review, superintendence, right-of-way and acquisition thereof, inspection, administration and associated overhead costs. Any Turnouts constructed by the Turnout Water User shall thereafter be the property of DWR and/or Zone 7 at the option of DWR and/or Zone 7. Turnout facilities located within DWR, Zone 7 or public right-of-way or facilities indicating DWR or Zone 7 ownership on as-built drawings shall be the only facilities owned by DWR or Zone 7. Facilities on private property shall remain privately owned. The assumption of ownership shall be in writing.

2.8. Turnout facilities shall include the necessary valves, piping, meter and recording equipment, backflow prevention devices, vaults, telemetry equipment and any other appurtenances necessary to meet the standard of DWR and Zone 7. Water User agrees that said Turnout Facilities constructed hereunder shall become and remain the property of Zone 7 and/or DWR. Typically, DWR or Zone 7 ownership includes meter, meter vault, and all appurtenances in the meter vault and upstream of the meter vault. Turnout Water User further agrees to grant Zone 7 and/or DWR the necessary permanent rights-of-way and right of ingress thereto and egress therefrom on and across the lands of Turnout Water User, as determined by Zone 7 and/or DWR, for the purposes of constructing, operating and maintaining said Turnout Facilities. All turnouts from Zone 7 Facilities shall be gated or shall have another positive shutoff system easily accessible to Zone 7 staff within Zone 7 rights-of-way.

2.9. Prior to commencing with the final design of said Turnout Facilities, Turnout Water User shall deposit with Zone 7 an amount of money estimated by Zone 7 to cover all costs to be incurred by Zone 7 for completion of said Turnout Facilities. The failure to make a timely deposit shall result in the immediate revocation of permission to construct said Turnout Facilities. Following completion of the construction of said Turnout Facilities, Zone 7 shall submit a statement of billing to Turnout Water User for the actual costs incurred for completion of said Turnout Facilities. Said deposit will be applied to the actual costs incurred by Zone 7 and the appropriate refund or additional billing to Turnout Water User will be made. Turnout Water User agrees to make payment of any such additional billing to Zone 7 within thirty (30) days of submission of said statement. Zone 7 may suspend water deliveries until such payment is made. Turnout Water User, or its representatives, shall have the right, at his or her sole cost, to audit the records of Zone 7 for the purpose of determining the actual costs in order to protect its interests.

2.10. The General Manager has the authority to lock or secure any and all Turnouts from Zone 7 Facilities at any time for violations of the Rules and Regulations. Verbal communication followed by written notification will be provided to the owner of the locked or secured Turnout by the General Manager. The notification shall provide the background and justification for locking or securing the affected Turnout. The notification shall also outline procedures or conditions that the owner shall complete in order for Zone 7 to remove the lock or security device.

Access by Zone 7

2.11. Upon request and within 72 hours of receipt of request, Zone 7 and its officers, agents, and employees shall be granted access to and across Premises served with Zone 7 Water for any purpose connected with the use and the distribution of Zone 7 Water. Where request for access is denied or not acknowledged by the Landowner or Landowner representative, water delivery may be suspended until the request for access has been granted.

Encroachments

2.12. No trees, buildings, bridges, structures (except for vines, shrubs, corrals, or fences that can readily be removed) or any other type of encroachment shall be planted or placed in, on, over, or across any Zone 7 Facility; or the right-of-way therefor except pursuant to specific written authority of the General Manager. Any such encroachment of an unusual or extraordinary nature shall be approved by the General Manager.

2.13. Any encroachment, authorized or otherwise, in, on, over, under, along, or across any Zone 7 Facility or right-of-way that interferes with the operation or maintenance of said facility may be removed by Zone 7, at the sole expense of the encroacher or adjacent Landowner. Authorization for an encroachment will end if and when said encroachment is determined to be in interference with Zone 7 operations.

SECTION 3: DUTIES OF WATER USERS

Responsibilities

3.1. Water Users shall maintain Private facilities in a manner that is conducive to the reasonable and beneficial use of supplied water. The Water User is responsible for ensuring that all Private facilities are in an acceptable working condition.

3.2. Water Users shall be responsible for the control and distribution of water to their lands at all times after the water is diverted from a Zone 7 Facility. As determined by Zone 7, where control is not appropriately exercised by the Water User, Zone 7 may require that such Water User be present at all times during the use of Zone 7 Water.

3.3. Water Users shall be responsible for closing privately owned valves when they have finished using Zone 7 Water.

3.4. Water Users are responsible for communication with the General Manager or designee concerning any planned or unplanned changes that may occur during the use of Zone 7 Water.

3.5. Water Users are responsible for providing Zone 7 with the most current and accurate contact information including email where available.

3.6. Turnout Water Users shall report to Zone 7 monthly water use amounts, including their own, for each Remote Water User served through the Turnout Water User's facilities on a quarterly basis at the end of April, July, October and December.

3.7 Remote Water Users shall be responsible for making arrangements for conveyance of water from the South Bay Aqueduct Turnout (Turnout) to their lands. The Formal Agreement between a Remote Water User and a Turnout Water User shall reflect and support the implementation of these Rules and Regulations.

Use and Transfer of Water

3.8. All Zone 7 Water must be applied efficiently and used reasonably and beneficially pursuant to any existing or future legislation or judicial determination.

3.9. Any Water User who wastes water on roads, vacant land, or adequately irrigated lands, either willfully, carelessly, or on account of defective or inadequate conduits or facilities, or inadequately prepared land, or who floods a portion of the land to an unreasonable depth or amount in order to irrigate other portions, or floods across one parcel to irrigate another parcel, may be refused Zone 7 Water until such conditions are remedied.

3.10. A Water User's right to Zone 7 Water pursuant to these rules is not a property interest. Such use is limited to the use of such water on the parcel or parcels of land described in the Application, unless transfer of such right has been requested in writing by Water User and approved in writing by the General Manager.

3.11. Zone 7 will not automatically transfer water from one Water User to another resulting from a change in ownership or lease of land. However, a Water User(s) may transfer some or all of his or her Allocation Amount to another willing Water User within the Service Area upon request submitted on a form provided by Zone 7 and approved in writing by the General Manager.

3.12. Water shall not be used on lands outside of the Service Area except where agreed upon through a written agreement between the Water User and Zone 7.

Charges

3.13. On each calendar month, Zone 7 shall send an invoice to the Turnout Water User for charges comprising the amount of water delivered as determined by

Zone 7 multiplied by the Untreated Water Rate as established by the Board, and related fees. All water charges and related fees shall be due and payable upon receipt of the invoice.

3.14. Unpaid invoices become delinquent 30 days after the date of the invoice. All delinquent payments and penalties shall bear interest charges at the rate of 12% per year.

3.15. The Turnout Water User shall be responsible for all charges for the total water delivered to their system, including water delivered for his or her own use and water delivered for Remote Water Users. Zone 7 shall not invoice Remote Water Users for any Zone 7 Water, which will be done by the delivering Turnout Water User per agreements between Turnout Water Users and Remote Water Users.

3.16. In the event that a Turnout Water User is delinquent in the payment for more than 90 days, Zone 7 reserves the right to enforce payment of delinquent water charges and penalties through any and all of the following methods: (a) refuse or discontinue water service; (b) require full payment in advance of the estimated annual charges for future service; and (c) take action to collect the unpaid charges and penalties. The Turnout Water User shall reimburse Zone 7 for any expenses incurred, including attorney fees, in collecting amounts due to Zone 7. Zone 7 shall not be responsible for any indirect impacts such actions may have on Remote Water Users.

3.17. Zone 7 reserves the right to assess an over-use penalty to Water Users who exceed their Allocation Amount by more than 10% in two (2) consecutive years. Said penalty will be determined as volume used over the Allocation Amount multiplied by the difference between the Temporary Untreated water rate and Untreated Water rate as set by the Board. Continued exceedence of a Water User's Allocation Amount may result in additional penalties, including but not limited to suspension of water service.

SECTION 4: DISTRIBUTION OF WATER

Allocations & Entitlements

4.1. Zone 7 shall exercise reasonable diligence to furnish a continuous and adequate supply of water to its Water Users and avoid any shortage or interruption of delivery thereof. However, Zone 7 does not control the operation of the South Bay Aqueduct and cannot guarantee a full supply completely exempt from interruption(s). When, for any reason, Zone 7 is unable to deliver the full supply of water required by the Water User, such supply as can be delivered shall be prorated utilizing Exhibit-A until such time as delivery of a full supply can be restored.

4.2. The General Manager shall determine and has the authority to apportion water to Water Users according to the allocation in Exhibit-A during water shortages.

4.3. Zone 7 does not guarantee that delivered water will be of any specified condition or quality. Such water shall be without treatment of any kind.

Application & Scheduling

4.4. At the time of submitting an Application, and prior to August 1 of each year thereafter, the Water Users shall submit to Zone 7 a preliminary delivery schedule on a form provided by Zone 7 indicating the quantity of water required from Zone 7 during each month of the succeeding five (5) calendar years. The annual amount requested for any calendar year shall not exceed the Allocation Amount. Zone 7 will review said delivery schedule and make such modifications as may be necessary to enable Zone 7 to make deliveries consistent with all water service obligations of Zone 7 and will thus determine an approved delivery schedule for the applicant for each month of the succeeding calendar year. Zone 7 reserves the right to request delivery schedules at intervals other than annual.

4.5. Unless formally advised by Water User to the contrary, it shall be assumed that Water User will use the most current year's delivery amount each year. Zone 7 shall make every effort to provide said amount of water on a demand basis as requested by Water User but does not assume any obligation if it is unable to do so. Zone 7's delivery capability is limited in the month or months of maximum demand by the capacity of the Zone 7 Facilities and such limitations shall be considered in meeting Water User's request.

Measurement

4.6. A DWR measuring device shall measure the amount of Zone 7 Water delivered to Turnout Water Users at the Point-of-Delivery.

Refusal of Service

4.7. In the event that the Water User fails to take delivery of any portion of the quantities of water set forth in the approved delivery schedule, then the Water User shall pay all costs incurred by Zone 7, if any, as a result of such failure to take delivery, provided that Zone 7 shall make reasonable efforts to make beneficial use of such undelivered water to minimize the cost to the Water User.

Unauthorized Use of Water

4.8. Any person who uses Zone 7 Water without Zone 7's express written permission may become subject to criminal prosecution and/or civil liability under Penal Code Sections 498 and 592.

4.9. Use of Zone 7 Water without Zone 7's express written permission may result in forfeiture of the Landowner's and/or Water User's right to receive water.

SECTION 5: LIABILITY

Zone 7 Liability

5.1. Zone 7 shall not be liable for any damage resulting directly or indirectly from any negligent, wasteful, careless, or other use of handling of Zone 7 Water by Water Users.

5.2. Nothing in these rules shall be construed as an assumption of liability on the part of Zone 7, its Directors, officers, or employees for any damage occasioned by the use of Zone 7 Water or for failure to enforce any of the provisions of these rules.

5.3. All Water Users shall hold Zone 7 and its officers and employees free and harmless from liabilities and damages that may occur as a result of water quality, shortages and interruptions in service.

5.4. Zone 7 sells water as a commodity only and not as a guaranteed service and shall not be liable for defective quality of water, shortage of water, either temporary or permanent, or for failure to deliver water or delay in doing so.

5.5. Pumping by consumers of Zone 7 Water is done at the consumer's risk and Zone 7 assumes no liability for damage to pumping equipment or other damage as a result of corrosion, turbulent flow or shortage or excess of water or other causes.

5.6. Zone 7 assumes no liability for damages to persons or property occasioned through defective works. Zone 7 Water shall not be used for potable purposes. Zone 7 Water is not intended to provide protection from fires or other threats.

Water User Liability

5.7. Each Water User shall be responsible to Zone 7 and to third parties for all damage caused by his or her neglect or malicious or careless acts.

5.8. It is the duty of each Water User to regulate and control the water delivered to his or her land so as to avoid damage to Zone 7 or third persons. It shall also be incumbent on Water Users to control the actions of individuals taking water from Private Conduits.

5.9. The Water User is responsible and liable for any damage caused by his or her negligence or careless use of water, or the result or failure of the Water User to properly operate or maintain any ditch, pipeline, or other facility for which the Water User is wholly or partially responsible.

5.10. Neither Zone 7 nor any of its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water delivered to

Water User by Zone 7 after such water has passed the Turnout facilities and Water User shall indemnify and hold harmless Zone 7 and its officers, agents and employees from any claim of damages resulting from the provision of water herein.

SECTION 6: ENFORCEMENT OF RULES & REGULATIONS

General

6.1. These Rules and Regulations shall supplant and supersede Zone 7 Board of Directors Resolution No. 159 and any contracts between Zone 7 and others for the provision of untreated water, pursuant to Standard Conditions for Untreated Water Service, Section A.3. All existing contracts for untreated water shall be honored by Zone 7 until their expiration, but shall be subject to these Rules and Regulations and not be renewed. The amount of untreated water allocated to Water Users as shown in Exhibit A and any updates to Exhibit A to reflect approved allocation transfers, shall be honored by Zone 7 through the term of the State Contract.

6.2. All Water Users, by applying for or receiving untreated water service from Zone 7, agree to be bound by and to comply with these Rules and Regulations, as adopted and amended from time to time by the Board.

6.3. All Zone 7 employees are charged with enforcing these Rules and Regulations as established by Zone 7.

6.4. The General Manager shall be primarily responsible for the enforcement of these Rules and Regulations. Failure of a Water User to comply with any of these Rules and Regulations shall be sufficient cause for termination of water service, and water service shall not again be furnished to such Water User until full compliance has been made with all the requirements as herein set forth; provided, however, that the Water User shall in no way be relieved of any responsibility for payment of any charges or obligations by reason of such termination of water service. In no event shall any liability accrue against Zone 7 or any of its officers, agents or employees, for damage, direct or indirect, arising from such termination of water service.

6.5. The terms of these Rules and Regulations are subject to the provisions of the State Contract. All water and water rights belonging to the State through Zone 7 have been dedicated and set apart for the uses and purposes of Zone 7. No purchaser of water from Zone 7 shall acquire any proprietary right therein or any right to resell such water, or to use it on Premises or for a purpose other than stated in the written Application to Zone 7 for untreated water service and as approved by Zone 7.

6.6. No Water User receiving Zone 7 Water acquires a proprietary right thereto by reason of use. No Water User acquires a right to use it for a purpose or on Premises other than specified in the Application and as approved by Zone 7.

Failure to Comply with Rules & Regulations

6.7. Failure or refusal of any Water User to comply with these Rules and Regulations may be sufficient cause for curtailment or termination of delivery of Zone 7 Water.

6.8. Interference by any Water User with a Zone 7 employee, agent or official in the course of their assigned duties may be sufficient cause for curtailment or termination of delivery of Zone 7 Water to any and all lands of such Water User.

6.9. Zone 7 reserves the right to suspend or discontinue the delivery of Zone 7 Water supplied to any parcel of land if the condition of the land or irrigation facility presents an immediate danger to any person, to the general public, or to any property, including, but not limited to, the flooding of property.

6.10. Compliance with each and all of these Rules shall be a condition precedent to the delivery of water to any Water User. The Board of Directors retains the authority to rule in all instances that are not specifically contained in these Rules and Regulations.

Hearing and Appeal

6.11. At least ten (10) business days before termination of water service as provided in these Rules is to be effected, a Water User shall be provided written notice of such termination and advised of the opportunity and procedure to discuss the reason for termination of service with the General Manager, or other employee designated by the General Manager who shall be empowered to review disputed bills, rectify errors, and settle controversies pertaining to termination of service.

6.12. In the event that the Water User disagrees with the decision of the General Manager or the General Manager's designee in administering the Rules and Regulations, Water User shall then have the right to appeal to the Board. Such appeal must be made within five (5) business days after written notice of the General Manager's or the designee's decision. Appeals must be submitted in writing and shall specifically set forth the decision being appealed and the reasons for the appeal. Appeals received ten business days prior to the next regular meeting of the Board shall be considered at the next regular meeting of the Board, but the Board may, in its discretion, consider an appeal at an earlier or later meeting.

6.13. Termination of water service shall be stayed until the time for filing an appeal with the Board has expired. In the event that such an appeal is filed with the Board, termination of water service shall be stayed until the Board has ruled on the appeal. Water delivery that has been curtailed or suspended shall be restored upon full compliance with these Rules and Regulations.

Attorney Fees and Costs

6.14. In the event litigation results concerning the enforcement of any portion of these Rules and Regulations or the payment of any charges to Zone 7, the prevailing party shall be entitled to recover from the losing party any attorney's fees and other legal costs as part of its costs.

Exhibit A

Zone 7 Water Agency
Untreated Water User
Allocation Amounts
(Acre-Feet/Calendar Year)

No.	WATER USER	ALLOCATION AMOUNT
1	ABBOUD	7
2	AGUIRRE	11
3	ALAMEDA CO	10
4	ALTAMONT LANDFILL**	328
5	ARROYO/AERO	82
6	AULT	20
7	BEEBE	20
8	BRYSON	4
9	BURKHART	20
10	CAIRES	5
11	CAROLINE	18
12	CARTER	2
13	CLARK	10
14	COBURN	6
15	CORBETT (Greenville)**	283
16	CORBETT (Hansen Rd)	41
17	DAVEY	7
18	DAVIS	7
19	DETJENS	68
20	FRYDENDAL-MERV	4
21	GALLES	4
22	GREIST	10
23	HARRIS	18
24	HEINEMAN	8
25	HERIGSTAD	1
26	IBSEN	35
27	IRWIN	5
28	ISING**	200
29	JAEGEL	41
30	KALTHOFF	57
31	KIRKEWOOG	2
32	KURTZER	14
33	LARPD	52
34	LIVERMORE	185
35	LUNN	3
36	LYNCH	4
37	MALAKOFF	21

** Denotes a Turnout Water User

No.	WATER USER	ALLOCATION AMOUNT
38	McGRAIL	20
39	MEEKER	10
40	MILLER	6
41	MOLINARO/ARACNE	4
42	MORGAN	25
43	NARDOLILLO	11
44	NISSEN-LAIDLEY	22
45	NORMAN**	90
46	OTT	11
47	PEREIRA	25
48	PERRY	11
49	POPPY RIDGE	800
50	RIOS	31
51	RIOS 2	37
52	RODRIGUE	5
53	RUPPERT	3
54	SCARLET BEAR	131
55	SCARLET BEAR 2	48
56	SCOTT	5
57	SHANNON	6
58	SHEARER	3
59	SIGNATURE - CLAMP	185
60	SIGNATURE - RUBY HILL**	1,418
61	SMITH	3
62	STADLER	13
63	STRATMAN	7
64	TARANTINO	34
65	TAYLOR	25
66	TOY	26
67	VOEGELI	13
68	VOLKMAN	14
69	WENTE @ R. HILL	300
70	WENTE 1&2**	1,572
70.1	WENTE 3&4**	600
70.2	WENTE 5**	685
71	WINE GROUP**	250
72	WISNER	67
	TOTAL	**8,129**

Approved by:	
General Manager	Date

ITEM NO. 13a

October 19, 2011, Board Written/Narrative Comments By Dick Quigley

Thursday, September 15th - Toured new Delta Big Break Park and future discovery center close to Antioch bridge.

24 great iPhotos of Big Break Regional Shoreline Park and future Delta Science Center in Antioch.

I love the parks and what East Bay has created over 75 years. As a Park Ambassador I get to sometimes tell the story, at various park venues.

The EDUCATIONAL story board we saw and walked on gets an incomplete in my book and needs fixing! Conveyance and storage seems to have been left out.

I wonder who vetted the topo map before it was created? Large 50' X 40' walk-on map of the Delta.

63 listed parks - 27 (over 40% have large water elements) and over 10% have significant non native imported water! by my count. *Worth visiting as we seek a Delta Fix.*

Saturday, September 17th - Cal Coastal Clean Up Day Participated in a Tri Valley High School Rotary Interact Clean up project at Lake Del Valle with about 60 kids in the am. In the afternoon participated at the Livermore Community Center assisting the EBRPD fish tank exhibit which was a crowd pleaser. Pictures are available of both events.

Sunday and Monday, September 18th and 19th Attended an ACWA Region 5 Board Meeting at Central Coast RWCB office in San Luis Obispo. Ag, energy and conveyance intertwined with policy and opportunity was discussed, as was JPIA insurance pool.

Thursday and Friday, September 29th and 20th Attended ACWA State Board as Katie Foulks' (EBMUD) alternate. ACWA collective strategic plan and budget were discussed.

Legislative and 2012 Bond Ballot Measure and Fall Conference November 28th thru December 2nd in Anaheim "Financing The Future."

Thursday, October 6th Participated at the Green Fair at Carr America as East Bay Regional Parks Ambassador at the park booth as a water, park and energy spokesperson. Very well attended event on a rainy day! Was glad to see Zone 7 had a booth and staff in attendance.

From my last July & August written notes: (no response yet) I would again like to suggest a step two renewable energy look at PPTP, and Alt-TP as future opportunity areas, for strategic planning. Also like to suggest a fleet inventory review for 1) energy efficient opportunities (e vehicles) and new smart locator vehicle technology. Handouts and pictures are available.

Let me know if you have any questions.

Thanks! Dick Quigley

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: November 16, 2011 ITEM NO. 14a

SUBJECT: GENERAL MANAGER'S REPORT

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

Operations and Maintenance:

- October precipitation locally was 1.02 inches (which is 123% of average), as recorded at the California Irrigation Management Information System (CIMIS) station 191 in Pleasanton. However, since October is the beginning of the new water year, it is much too early to project what, if anything, this means for the whole season.

- Shadow Cliffs Lake is again full (at elevation 331 feet); EBRPD took 400 acre feet of water through the siphon between July and October to reach this level. Now that it is full, the siphon will likely remain off until late Spring or early Summer depending on weather.

- With cooler weather and less anticipated algal growth, Powdered Activated Carbon (PAC) feed systems at both Patterson Pass and Del Valle (for taste and odor control related to algal byproducts) were shut down for the season.

- Patterson Pass Treatment Plant (both conventional and ultra-filtration) is now completely offline. To minimize hazardous materials stored on site during the shutdown, the vendor emptied the anhydrous ammonia tank. The conventional clarifier at Patterson Pass was drained and cleaned out for the clarifier upgrade project. In addition, hypochlorite injection lines were removed to facilitate the project. Project mobilization occurred at the end of the month. During the shutdown, demands will be met by a combination of supplies from the Mocho Groundwater Demineralization Facility and by the Del Valle Water Treatment Plant.

Environmental & External Affairs:

- Once again, Zone 7 was named the ACWA Outreach annual winner for Region 5. ACWA will acknowledge this achievement at the Fall Conference.

- On October 24, 2011, a Congressional letter was sent from five Delta-area members of Congress, including Jerry McNerney and John Garamendi, requesting that the negotiated Memorandum of Agreement between the State/Federal water contractors and the respective state/federal agencies be reopened. In response, the Bureau of Reclamation and the Department of Water Resources agreed to a public comment period that will last until November 16th.

- Dublin's Shannon Park passed its final landscape survey and will receive a rebate. The estimated water savings is 12.7 acre feet per year for a total savings of $2,000 annually. Similarly, Pleasanton notified Zone 7 staff that they were interested in beginning conservation efforts at the Pleasanton Sports Park and wanted to make arrangements for a large landscape audit. Other large landscape audits could provide relief for parks currently using potable water.

- Staff submitted an application for a Proposition 84 River Parkways grant. If received, the funds would help cover the cost of channel modification in the Arroyo Mocho-Stanley Reach project that would improve sediment transport, provide fish passage for salmonids, allow additional riparian vegetation to be planted and prepare this segment of the future Iron Horse Regional Trail for public access.

Engineering and Flood Control:

- The United States Geological Survey (USGS) removed their gauging equipment from the Arroyo de la Laguna (ADLL)-Verona site. The removal was done to facilitate a bank stabilization project planned by the National Resources Conservation Service (NRCS); they are scheduled to have the gauge back online and begin their re-rating process within a couple weeks

- Staff have completed an analysis of possible communication upgrades to the Supervisory Control and Data Acquisition (SCADA) system to improve overall system reliability. While the memo is still undergoing internal review, it appears that the best option may be to upgrade fiber optics to seven key SCADA sites. Defining the order of upgrades and prioritizing them will be the next step.

- Staff continue to negotiate with Hanson Aggregates for the construction of the Mocho Diversion into Lake H, which is a contractual requirement related to completion of mining in that quarry pit.

Finance & Administration

- The Metropolitan Water District of Southern California ("Met") just released a report prepared by The Brattle Group stating that nearly 130,000 jobs would be created in building an alternate Delta conveyance during the estimated seven-year construction period. Even a smaller tunnel could create as many as 70,000 jobs. Copies of the study were delivered to each member of the legislature, officials within the Brown Administration, key legislative and committee staff and representatives from "trades labor."

- Three cheers to Zone 7's Associate Engineer, Amparo Flores, who just returned from a trip to England to attend her PhD graduation from Cambridge. Congratulations from all to Dr. Flores.

Monthly List of GM Contracts

October 2011

<u>Contracts:</u>

JDH Corrosion Consultants, Inc.	$48,000	Annual Cathodic Protection Monitoring
Global Sun Landscape	$28,000	Support Services for Large Landscape Audits
Total October 2011	$76,000	

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: Office of the General Manager - Communications & Public Affairs
CONTACT: Boni Brewer

AGENDA DATE: November 16, 2011 ITEM NO. 14b

SUBJECT: Recent Public Outreach Activities

Valley Children's Museum Promotion, October 20

This was the final event in 2011 in which Zone 7 staff partnered with Dublin San Ramon Services District to help promote the Valley Children's Museum's (VCM) "Moving Mission" mobile unit during the Dublin Farmer's Market at Emerald Glen Park. On the third Thursday of each month between May and October, we incorporated some fun activities for kids relating to water, including water conservation and stormwater pollution prevention. We also spoke with many parents about water, while at the same time increasing visibility for the Children's Museum effort. This year, the museum's nonprofit Board of Directors came a step closer to creating a permanent home for a play-based, hands-on facility in Dublin. A land swap between the Army and the City of Dublin includes 2.5 acres set aside for the museum as part of the future redevelopment of a portion of Camp Parks. The organization has begun raising funds for a building.

E-Newsletter archives on Zone 7 website

We have created a page on Zone 7's website that allows the public to both sign up for the electronic newsletter we started up this year, and to view e-news archives. This page can be accessed via the "news" dropdown menu on the homepage of the website, www.zone7water.com.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: Office of the General Manager - Communications & Public Affairs
CONTACT: Jill Duerig/Tim Hunt

AGENDA DATE: November 16, 2011 ITEM NO. 14c

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of the agency's lobbying firm, The Gualco Group, Inc., and the agency's legislative support consultant, Tim Hunt, monitors legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.
- The Legislature is out of session until January 4th.
- On October 27th, the governor introduced his 12-point pension reform plan that will go to the Legislature for action in the 2012 session. Key elements of the plan, which the governor proposes covering public employees at all governmental levels, include: increasing the retirement age to 67; equal sharing of pension costs; a hybrid pension plan including defined benefit, Social Security and a defined contribution plan; requiring three-year averaging of only regular compensation to determine benefit level (eliminate pension spiking); and a relatively long period to qualify for partial or full retirement health care benefits. With current employees, most of the proposals are subject to collective bargaining negotiations. For Zone 7, many of the so-called reforms are already in place.
- Senator Joe Simitian has stated that he will continue work on SB 34, which proposes a charge on all water users to develop a sustainable revenue source for water-related projects. It will require a two-thirds vote in both houses.
- The 11.2 billion dollar water bond, which was moved from the 2010 ballot, remains on the November 2012 ballot. There may be discussions of delaying, modifying or reducing it as the date approaches.
- The Delta Stewardship Council is anticipated to adopt its Delta Plan next spring. Legislative action to develop an ongoing funding mechanism is anticipated as it is likely that there may be bills introduced dealing with portions of the plan.

RECOMMENDED ACTION: Information only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: Employee Services/ Business Administration
CONTACT: Tom Hughes/Tamara Baptista

AGENDA DATE: November 16, 2011 ITEM NO. 14d

SUBJECT: STATUS REPORT ON SEPARATION EFFORTS

SUMMARY:

Business Administration:

- Staff is verifying payroll information that has been loaded into ADP's software. Staff is still participating in training for ADP Payroll and Time & Labor Modules. Staff is working on a required transmittal file for the Alameda County Employees' Retirement Association (ACERA). There was a successful test transmission of the transmittal file on October 24, 2011.

- Staff met with the County's Risk Management Department on October 13, 2011 to discuss the transition of Risk Management Services.

- Staff reviewed county expenses over the last decade. A summary spreadsheet is attached. Starting in FY 03/04, Zone 7 has paid the county an average of a little over $1 million annually for various services.

Employee Services:

- Staff met with the County Human Resources, Employee Benefits Center, Auditor-Controller and Information Technology Department on October 24 and received a list of items needing response. Staff responded to each item on October 28.

- Staff sent an Employee Relations Update on October 28 to all employees addressing information surrounding the separation status and questions that have been raised recently.

- Staff accompanied Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) representatives on a tour of Zone 7 facilities on October 31 in relation to the Workers' Compensation application process. Staff also submitted a significant amount of various requested facility- and policy-related information as required for this visit.

- All key implementation specialists at ADP have been identified for the additional HR and Benefits modules and setup is underway. Staff is awaiting 2012 benefit rates and enrollments to be received from the County for entry into ADP.

Historical County Charges

		FY 00/01	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10	Unaudited actuals FY 10/11	Budget FY 11/12
5217	Workers Compensation		113,639.12	139,819.00	143,428.00	262,946.00	291,262.00	260,365.00	337,899.00	225,094.00	229,581.00	384,587.00	331,865.00
6231	County Assessor Services	2,220.00	2,394.00	2,538.00	2,796.00	1,086.00	2,661.00	1,698.00	699.00	520.50	1,032.00	462.00	32,500.00
6234	County Legal Services	73,874.39	120,557.55	91,229.09	103,903.43	115,240.77	3,277.00	7,211.40	644.00	37.50	78.00		5,000.00
6235	County Human Resource Svcs(TAPP)	640.00	256.00	28,832.25	86,368.75	92,134.87	95,664.56	108,416.13	22,258.56	21,504.76	18,498.91	12,502.16	25,000.00
6236	County Property Tax Admin	30,783.15	36,579.85	48,218.44	44,644.65	50,711.29	14,478.31	40,656.55	27,728.86	45,400.00	50,144.00	52,485.23	30,000.00
6239	County Other	140,782.00	170,457.19	21,763.41	9,258.84	67,576.00	24,414.50	3,584.75	440.00	2,007.50	2,970.00	1,648.25	12,600.00
6241	County Tie-Line		3,473.61	3,358.78	3,398.43	4,830.08	3,918.14	3,755.27	3,991.08	3,841.62	3,711.18	3,730.41	4,500.00
6242	County GSA Maint Elect Equipment			14,357.15	18,406.35	9,320.49	17,321.72	29,740.81	19,930.05	33,428.70	19,768.73	16,910.75	29,700.00
6243	Equip & Veh Fuel & Oil - GSA			14,278.16	15,990.02	18,618.75	21,322.82	20,005.29	19,771.20	18,205.08	15,820.66	19,939.76	16,416.00
6244	County ITD Services	2,904.81	4,110.58	8,096.61	14,735.69	23,241.66	41,623.89	76,115.96	81,686.99	87,720.00	89,027.00	91,517.00	96,383.00
6245	County Reprographics		2,256.16	2,596.73	3,458.75	42,064.74	41,134.27	47,302.83	2,257.04	21,395.43			
6246	County Risk Mgmt Insurance		74,246.80	144,625.00	163,568.00	129,754.00	216,562.00	211,042.00	192,529.00	132,352.00	155,165.00	203,728.00	354,389.00
6247	County Indirect Costs	241,301.00	192,248.00	250,405.00	438,056.00	423,010.00	536,581.00	556,491.00	724,702.00	474,800.00	532,863.00	690,013.00	568,713.00
	Auditor-Controller	34,622.00	41,312.00	82,252.00	83,896.00	105,087.00	160,701.00	175,258.00	166,543.00	159,095.00	156,482.00	162,612.00	176,641.00
	County Administrator	27,223.00	14,982.00	26,422.00	52,493.00	42,189.00	47,059.00	37,315.00	52,751.00	36,825.00	37,866.00	37,703.00	26,578.00
	County Counsel	7,850.00	15,357.00										
	Grand Jury	941.00	1,184.00	1,925.00	623.00	3,497.00	2,863.00	946.00					
	Human Resources Services	55,510.00	35,903.00	68,769.00	69,061.00	52,977.00	23,602.00	22,901.00	38,843.00	16,204.00	127,268.00	125,988.00	123,848.00
	Property & Salvage	8,860.00	3,666.00	5,292.00	6,737.00	31,175.00	12,246.00	10,172.00	11,747.00	27,764.00	7,037.00	8,413.00	12,463.00
	Purchasing	37,333.00	45,364.00	16,620.00	39,523.00	44,438.00	81,133.00	76,338.00	126,542.00	92,903.00	76,854.00	90,066.00	71,506.00
	Training & Conference Center	9,053.00	7,146.00	11,098.00	3,940.00	10,668.00	6,709.00	4,234.00	6,438.00	14,014.00	16,015.00	17,337.00	
	Treasurer-Tax Collector	460.00	442.00	669.00	925.00	1,753.00	1,772.00	2,897.00	2,291.00	2,597.00	2,291.00	1,563.00	1,884.00
	Unemployment Insurance	2,064.00	2,158.00		4,221.00	976.00	7,682.00	22,133.00	7,263.00	6,223.00	12,728.00	8,176.00	18,923.00
	Miscellaneous	11,243.00	8,423.00	11,401.00	42,827.00	23,931.00	92,288.00	124,215.00	158,006.00	110,025.00	105,148.00	116,019.00	104,632.00
	Billing Adj PY	55,195.00	(7,146.00)	(11,098.00)	(3,940.00)			(79,636.00)	19,909.00	19,909.00	19,909.00	19,909.00	
	Roll-Forward	(9,053.00)	23,457.00	37,055.00	137,750.00	106,319.00	100,526.00	159,718.00	134,369.00	(10,759.00)	(28,735.00)	102,227.00	13,512.00
6253	District - Real Estate Svcs		1,267.14	2,841.96	2,155.03	4,166.82							
6257	District - Contract Compliance	922.83	7,612.77	2,468.94	2,881.88	647.48	955.66	1,922.55	683.88				
6259	District - Other	537.36		7,442.00	19,844.10	8,163.85				1,307.65		1,997.50	
6281	Dist Labor-General	4,992.83	2,442.71	7,839.23	32,079.54	25,136.40	18,893.08	17,867.22	28,704.01	55,214.98	24,055.35	11,264.23	
6282	Dist Labor-Special Assign						676.18				17,874.07	17,551.17	
6284	Dist Labor-Grading Ord	63,664.43	45,190.85	47,826.24	109,558.22	58,433.44	51,369.46	65,675.81	32,607.21	41,520.52	36,777.80	44,969.43	
6285	Dist Labor-Fixed Fees	20,391.00	12,933.38	10,264.33	2,729.84	8,485.69	55,056.34	22,723.98	15,399.36	27,535.99			
	Total	**824,314.80**	**981,913.71**	**1,099,205.32**	**1,655,317.52**	**1,768,578.33**	**1,973,752.93**	**2,031,065.55**	**2,236,633.24**	**1,666,686.23**	**1,730,229.70**	**2,243,318.89**	**2,057,053.00**

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Water Quality Sections
CONTACT: Gurpal Deol /Angela O'Brien

AGENDA DATE: November 16, 2011 ITEM NO. 14e

SUBJECT: 2011 Water Quality Management Program Implementation Plan Update

SUMMARY:

- Zone 7's Water Quality Policy for Potable and Non-Potable Water, adopted by the Board in April 2003, requires staff to periodically review and update the Implementation Plan for the Water Quality Management Program (WQMP-IP) to reflect any emerging water quality issues and other relevant regulatory/technology developments.

- The WQMP-IP was last updated and presented to the Board on December 17, 2008.

- A joint Zone 7-Retailer workshop was held on August 25, 2011, to obtain input and consensus from the retailers for the 2011 WQMP-IP update, as well as to identify the next steps.

- The final recommendations from the workshop include:

  - Revising the water quality target for free ammonia;
  - Removing the water quality targets for radon and Total Trihalomethanes (THMs)/Five Haloacetic Acids (HAAs) at retailer turnouts; and
  - Prioritizing activities with potential water quality benefits such as monitoring and tracking regulatory development for emerging contaminants.

- In addition, Dublin San Ramon Services District and the City of Pleasanton staff agreed to review and discuss internally the possibility of revisiting the Joint Water Quality Resolution to determine if it's still applicable or whether it would be better to possibly incorporate any remaining relevant provisions of the Joint Resolution into the Water Quality Management Program.

RECOMMENDED ACTION:

Information only.

ATTACHMENT:

Workshop minutes

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

Meeting Subject: **Zone 7- Retailers Workshop Re: Water Quality Management Program 2011 Implementation Plan Update**

Meeting Date/Time: August 25, 2011, 10:00 a.m. – 1:00 p.m.

Meeting Location: Zone 7 Water Agency, 100 North Canyons Parkway, Livermore, Conference Room 150

Attendees:
CWS: Shreya Ramesh
DSRSD: David Requa, Judy Zavadil
Livermore: Darren Greenwood, Helen Ling
Pleasanton: Susan Clough, Dan Martin, Abbas Masjedi
Zone 7 Water Agency: Colter Andersen, Kurt Arends, Jarnail Chahal, Gurpal Deol, Jill Duerig, Brian Keil, Angela O'Brien

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WORKSHOP SUMMARY

Zone 7's Water Quality Policy specifies the Implementation Plan (IP) for the Water Quality Management Program (WQMP) is to be reviewed and updated every two years or sooner to reflect any emerging issues. The purpose of this workshop was to obtain input and consensus from the retailers for the 2011 IP update, as well as the next steps.

The final recommendations from the workshop include revising one water quality target (free ammonia) while removing two water quality targets (radon and TTHMs/HAA5 targets at retailer turnouts) as indicated in Table 1 below:

Table 1 – Revised Water Quality Targets, August 2011

Water Quality Parameter	Previous Target	Revised Target
Free ammonia residual, mg/L as nitrogen (N)	< 0.15 mg/L as N at retailer turnouts	< 0.15 mg/L as N from water treatment plants (WTPs); wells to be operated as close to this target as feasible.
Radon	< 1000 pCi/L (pending potential regulation)	Remove target given lack of regulatory development since 1999.
Total Trihalomethanes (TTHMs) /Five Haloacetic Acids (HAA5)	Running Annual Average (RAA) at retailer turnouts: TTHMs < 40 μg/L and HAA5 < 30 μg/L	Remove target since Stage 2 Disinfection Byproducts Rule (DBPR2) has been finalized and compliance will be based on Locational Running Annual Average (LRAA) ≤ 80 μg/L TTHMs and LRAA ≤ 60 μg/L HAA5.

Final recommendations also include the following top-priority projects/activities with potential water quality benefits:

- Continue supporting Delta improvement efforts (Bay Delta Conservation Plan, Delta Habitat Conservation and Conveyance Program, etc.);
- Continue development of the Distribution System Operations Plan and associated Standard Operating Procedures (SOPs);
- Install variable frequency drives (VFDs) in selected wells as they are scheduled for well rehabilitation;
- Prepare the Groundwater Management Plan (GWMP)/Salt Management Plan (SMP) update, including re-assessment of the potential use of additional groundwater demineralization facilities;
- Monitor and track regulatory development for emerging contaminants such as chromium-6, N-nitrosodimethylamine (NDMA) and 1, 4-Dioxane.

The workshop minutes will constitute the 2011 IP update. The City of Pleasanton and DSRSD will also discuss with their respective management regarding their interest to revisit the Water Quality Policy, especially to sunset/amend the Joint Water Quality Resolution or possibly incorporate provisions of the Resolution into the WQMP.

BACKGROUND

In April 2003, the Zone 7 Board adopted the Water Quality Policy for Potable and Non-Potable Water and approved the WQMP and its IP to effectively manage water quality issues. The 2003 IP established water quality targets to assist in guiding operations and in planning and designing capital projects necessary to meet the Policy goals. These targets are, for the most part, more stringent than regulatory standards. The IP also recommended several water quality improvement projects that have since been incorporated into Zone 7's Ten-Year Capital Improvement Program (CIP).

The Water Quality Policy specifies that the IP shall be reviewed and updated every two years or sooner if required, to reflect any emerging water quality issues and other relevant regulatory and/or technology development. In cooperation with DSRSD and City of Pleasanton, a Joint Water Quality Resolution was developed in August 2005 which outlined a three-phase approach and a schedule for completing the first IP update.

The first IP update was presented to the Zone 7 Board of Directors on December 20, 2006. The recommendations were to revise three potable water quality targets, develop annual Program report cards, and further develop eleven tools to assist in identifying and evaluating alternative projects/activities that would enhance Zone 7's ability to meet the Water Quality Policy goals.

The second IP update was presented to the Zone 7 Board of Directors on December 17, 2008. There was no recommended revision to the water quality targets and the top three priority tools for further development by staff during the next two years were: (1) an evaluation of permanent taste and odor (T&O) treatment for both existing surface WTPs; (2) development of a Distribution System Operations Plan; and (3) preparation of a Distribution System Groundwater Influence Study (associated with implementation of the Well Master Plan).

DISCUSSION SUMMARY

The purpose of the workshop was to obtain input and consensus from the retailers regarding: (1) any adjustment to the water quality targets; (2) top priority projects/activities for further development over the next two years; and (3) next steps (e.g., should we revisit the 2003 Water Quality Policy considering funding concerns due to current state of economy? Also, should we sunset/amend the 2005 Joint Water Quality Resolution which was signed by only two of the retailers for the IP update that was completed in 2006?).

The workshop discussion was based on a technical memorandum dated August 23, 2011 which provided background information of key issues to facilitate discussion with the retailers. Two other reports used during the workshop were the 2010 WQMP Report Card and the 2011 Annual Status Update for the 2005 Joint Water Quality Resolution (both dated June 2011). These reports showed how Zone 7 has been meeting its water quality targets and provided the status of various WQMP tools, capital projects, and other water quality-related planning efforts.

As indicated in the 2010 WQMP Report Card, Zone 7 continues to meet all of its primary drinking water standards and non-potable water quality targets. However, some of the water quality targets were not met consistently, including those for drinking water hardness, total dissolved solids (TDS), chloride, and free ammonia. Discussions of these delivered water quality parameters are provided below:

- **Hardness/TDS and Groundwater Demineralization Projects**: The recommended method of mitigating hardness and TDS in the groundwater delivered by Zone 7 is the use of wellhead demineralization. Demineralization can produce extremely soft and low TDS water (typical values less than 20 mg/L for both parameters) for blending with untreated groundwater. For example, Zone 7's newly constructed 6.1 million gallons per day (mgd) Mocho Groundwater Demineralization Plant (MGDP), which was placed in service in July 2009 to treat water from the Mocho wellfield, has been producing finished/blended water with typical average hardness and TDS concentrations less than 230 mg/L and 300 mg/L, respectively. To provide operational/blending flexibility, as well as energy efficiency, staff is currently considering installing VFDs in these wells as they are scheduled for rehabilitation.

  Groundwater demineralization has already been identified as one of the salt mitigation tools for the Main Groundwater Basin. Furthermore, as indicated by the 2011 Water Supply Evaluation (WSE), additional salt mitigation is needed for all likely future water supply scenarios. Consequently, construction of a second groundwater demineralization plant is one of the options for this mitigation. The 2003 WQMP-IP had estimated that 15.3 mgd of demineralized water would be required to meet a target of less than 150 mg/L hardness in the groundwater delivered to the retailers. The second phase of demineralization for each water supply scenario will provide some delivered water quality benefits, but additional demineralization capacity may be required in order to meet the 150 mg/L delivered water hardness target. At the request of the retailers during the 2011 Asset Management Program (AMP) update, Zone 7 had removed the third phase of the groundwater demineralization project from its draft FY12/13 Ten-Year CIP. Zone 7 is currently preparing to update its GWMP and its incorporated SMP, which will re-evaluate salt removal strategies and facilities needed to offset the additional salt loads associated with the future water supply. Therefore, additional demineralization projects will depend on the recommendations from the upcoming the GWMP/SMP update and funding support from Zone 7's retailers.

D. Requa commented that the annual report for the Groundwater Management Program seems to unfairly point to recycled water as the main contributor of salt loading to the groundwater basins. J. Duerig responded that the upcoming GWMP update, currently still in preliminary planning stage, will better identify recycled water recharge areas and the overall salt loading to the Main Basin.

- **Chloride** – Surface water sources and Mocho wellfield water often exceed the chloride target of 100 mg/L. Similar to TDS and hardness, chloride is reduced in the finished water from the MGDP. However, chloride cannot be removed by the existing surface WTPs. Chloride and other salinity indicators in the surface water conveyed through the Delta vary depending on the year's hydrological characteristics and releases made to the Delta for the State Water Project diversions. Reduction of these parameters is anticipated to be an ancillary benefit should there be future improvements to the Delta conveyance system.

- **Free Ammonia** - It was agreed to revise the monitoring locations for the ammonia target from the retailer turnouts to the WTPs where online analyzers are installed, as well as at the wells where grab samples are taken whenever the wells are placed into service.

Other discussions related to Water Quality Targets/Projects are summarized below:

- **T&O Treatment via Ozone** – Despite the recent customer complaints on earth-musty T&O of treated surface water, D. Requa and D. Greenwood both voiced their concern about investing significant funds for a T&O solution in this economic environment. D. Greenwood questioned the need of this treatment process until it is required to meet drinking water regulations, even if it is also effective in addressing disinfection byproducts (DBPs) and other emerging contaminants. J. Duerig responded that implementation of the T&O projects has been driven by the Water Quality Policy; Since the Policy was written back in 2003, a time much different than now, we might want to consider revisiting the Policy, especially the Joint Water Quality Resolution that was signed in 2005. D. Greenwood agreed; he indicated that the City of Livermore did not support the 2005 Resolution which was signed with only two of the retailers.

- **TTHMs/HAA5 –** Zone 7 had two targets pertaining to TTHMs/HAA5. First, the maximum TTHMs/HAA5 concentrations leaving each of the surface WTPs should be less than 64 µg/L and 48 µg/L, respectively. Second, the Running Annual Averages (RAA) of TTHMs/HAA5 at retailer turnouts should be less than 40 µg/L and 30 µg/L, respectively, based on the speculation of lowered maximum contaminant levels (MCLs) before the DBPR2 was finalized. It was agreed to remove the targets at retailer turnouts now that the DBPR2 has been finalized. The DBPR2 has not lowered the MCLs for TTHMs/HAA5, but the compliance is now based on locational RAA instead of system-wide averages. J. Zavadil questioned why the TTHMs levels in the retailers' distribution systems were lower than the TTHM levels coming out of surface WTPs. It was later discovered that a transposition error was made when the 2010 WQMP Report Card was compiled. TTHMs and HAA5 values in Figure 9a and Figure 9b were switched for the retailers' distribution systems for DSRSD, City of Livermore and City of Pleasanton. CWS figures were not affected by this error. The error was corrected and updated graphs were sent out to workshop attendees.

- **Radon** – It was agreed to remove this target due to lack of support for regulating radon in drinking water. Radon is a naturally-occurring radioactive gas in drinking water and indoor air (from soils underneath the buildings). USEPA had proposed a multi-media mitigation approach to regulate radon in drinking water back in November 1999, but there has not been much regulatory development since then. The WQMP target for radon was less than 1,000 pCi/L. Zone 7 has monitoring data for all its wells and all data have been well below the target.

- **Chromium-6** – It was agreed that no revision be made to this target (<20 µg/L) at this time; however, staff will maintain a close watch on regulatory changes due to recent establishment of a public health goal (PHG) for chromium-6 at 0.02 µg/L by the State of California. This level is much lower than the State's Detection Limit for Reporting Purposes (DLR) at 1 µg/L and has caused concerns that a low MCL would be established by California that is specific for chromium-6. Zone 7 has monitoring data since 1996 which indicated most total chromium was present as chromium-6 with detections as high as 14 µg/L in its groundwater sources. Zone 7's in-house laboratory has recently lowered the minimum reporting level for total chromium to 1 µg/L and will continue monitoring for total chromium monthly for surface water samples and quarterly for groundwater samples.

- **1,4-Dioxane** – Zone 7 does not have a water quality target for this chemical. This industrial byproduct is commonly found in wastewater and is an emerging contaminant for groundwater recharge projects for indirect potable reuse. It is on the list of contaminants to be monitored in USEPA's recently proposed cycle of the Unregulated Contaminant Monitoring Rule (UCMR3). Retailers will be required to conduct monitoring per UCMR3 during a designated 12-month period between January 2013 to December 2015 (twice for groundwater samples and quarterly for surface water samples). For baseline information, Zone 7 will monitor all available supply sources once for this chemical in September 2011.

- **NDMA** - NDMA is a chemical formed in natural and industrial processes (rocket fuel, wastewater treatment, etc.) and is commonly found in various foods and alcoholic beverages, as well as in cigarette smoke. NDMA is also found to be a possible chloramination byproduct of drinking water treatment. As a result of these findings, California has a PHG of 3 ng/L, a notification level of 10 ng/L, and a response level of 300 ng/L for NDMA. Zone 7's WQMP has a target of less than 10 µg/L for NDMA (same level as the California's notification level) which is higher than the levels that have been detected in Zone 7's water supplies (< 7 ng/L at surface water treatment plants, < 2 ng/L at wells, and < 7 ng/L at turnouts). Since UCMR1 in 2008, there is currently no monitoring requirement for NDMA, however, Zone 7 continues to monitor treated water effluents from its surface water treatment plants on an annual basis. Zone 7 also had collected a few samples from its turnouts recently that were mostly ND (non-detect). G. Deol mentioned that the analytical cost is ~$250 per sample and would like input from the retailers regarding additional NDMA monitoring (e.g., one maximum residence time distribution system sample annually and adding NDMA to the routine Complete Title 22 monitoring for the groundwater sources (i.e., once every three years, starting this September)). S. Ramesh noted that CWS voluntarily monitors for NDMA quarterly since 2008 and had some data as high as 11 ng/L that were reported in its annual consumer confidence reports; however, levels in its Livermore service area have been declining with recent data being mostly ND. She will email her data to Zone 7. Other retailers do not monitor for NDMA. D. Greenwood asked why conduct additional monitoring since our water would never contain NDMA higher than the response level at 300 ng/L (i.e., why do unnecessary public notification?). D. Martin also questioned the value of monitoring Pleasanton since the samples representing maximum residence time would probably be served with groundwater at certain times of the year.

Top Priority Projects/Activities For Further Development Over Next Two Years

- All parties agreed on the importance of monitoring and tracking regulatory development of emerging contaminants such as chromium-6, NDMA and 1,4-Dioxane.

- Two of the three tools recommended in 2008 for further development have been completed (the Distribution System Groundwater Influence Study and the T&O treatment study). The remaining tool, the Distribution System Operations Plan, is still under development. A draft outline of this Operations Plan has been developed along with several associated SOPs. However, the list of SOPs continues to grow as the Operations Plan becomes more complete. The SOP development process will continue in conjunction with changes and additions to the Operations Plan.

- All parties agreed to continue supporting Delta improvement efforts. Also, to install VFDs in selected wells as they are scheduled for well rehabilitation and to prepare the GWMP/SMP update, including re-assessment of the potential use of additional groundwater demineralization facilities.

- The workshop minutes will constitute the 2011 IP update.

Considerations for the Next Steps

- Should the IP updates be spaced out to every 5 years instead of every 2 years? Any change to the IP update frequency will require an amendment to the Water Quality Policy.

- Do we need to continue preparing annual status reports for the Joint Water Quality Resolution? How about expanding the annual WQMP Report Cards to include the main component of the annual status reports for the Joint Water Quality Resolution (i.e., updates on various water quality-related capital projects/activities)?

- Do we still need the Joint Water Quality Resolution? This Resolution outlined the three-phased approach and the policy principles that were considered for preparing the first IP update that was completed in 2006. City of Pleasanton and DSRSD representatives present at the meeting indicated their willingness to review and consider whether to sunset/amend the current agreement or possibly incorporate provisions of the Resolution into the WQMP.

- Should we revisit the Water Quality Policy? It was agreed that City of Pleasanton and DSRSD will first meet with their respective management to discuss this matter before involving the entire group.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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ORIGINATING SECTION: ENGINEERING
CONTACT: KURT ARENDS

AGENDA DATE: November 16, 2011 ITEM NO. 14f

SUBJECT: Update Related to the Bay Delta Conservation Plan

BACKGROUND:

The Bay Delta Conservation Plan (BDCP) is a voluntary effort to obtain long-term, incidental take permits for the operations of the State Water Project (SWP) and the Central Valley Project (CVP) through development of a comprehensive Habitat Conservation Plan (HCP) under the federal Endangered Species Act, and a Natural Community Conservation Plan (NCCP) under the California Natural Community Conservation Planning Act. The BDCP is a mechanism for improving the ecological conditions to provide multi-species regulatory protection in the Delta. Zone 7's interest is securing the regulatory protection for SWP operations and restoring water supply lost to recent regulation and court action through a long-term multi-species habitat conservation agreement.

The Delta Habitat Conservation and Conveyance Program (DHCCP) is the effort to analyze the proposed actions in the BDCP under the federal National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) and prepare environmental impact documents. This effort also includes development of preliminary engineering designs, geotechnical field studies and analysis, and other necessary feasibility information for Delta water conveyance and related habitat conservation measures under the BDCP.

DISCUSSION

Delta Habitat Conservation and Conveyance Program Memorandum of Agreement (MOA)

In March 2009 a Memorandum of Agreement (MOA) for the Delta Habitat Conservation and Conveyance Program (DHCCP) was signed which defined a collaborative effort among state and federal agencies and water users to manage and fund the development of the DHCCP. Over the past several months an amendment to the MOA was developed which integrated into a single set of agreements the program management functions and funding mechanisms of the Bay Delta Conservation Plan (BDCP) planning phase and the development of the DHCCP environmental documentation and preliminary engineering design. The MOA also defines management and decision-making processes, budget expenditures, cost sharing among agreement parties, and the schedule for the remainder of the BDCP-DHCCP Planning Phase. The MOA also outlines the roles and responsibilities of the Department of Water Resources (DWR) as the state lead agency, and would not alter any of the fundamental roles and responsibilities of Reclamation, other federal agencies, or DWR with respect to preparation of the Environmental Impact Statement/Environmental Impact Report (EIS/EIR) for the BDCP

The parties to this MOA are DWR, the U.S. Department of the Interior's Bureau of Reclamation (Reclamation), the State and Federal Contractors Water Agency (SFCWA), State Water Contractors (SWC) (which represents Zone 7), Metropolitan Water District, Kern County Water Agency, San Luis and Delta-Mendota Water Authority, Westlands Water District, and Santa Clara Valley Water District.

In October the first amendment to the MOA was signed by the state and federal parties, but on October 24, Congressmen Miller, Garamendi, McNerney, et al. sent a letter to Secretary of the Interior Ken Salazar expressing their objections to the direction of the current plan. The letter expressed concerns that the plan being developed for the Bay-Delta does not reflect the concerns of their constituencies, mostly located within the delta, and requested that Interior retract its approval of the MOA and allow for a public comment period of 45 days. On October 28, the California Department of Water Resources and the Bureau of Reclamation announced an opportunity for the public to comment on the "First Amendment to the Memorandum of Agreement (MOA) Regarding Collaboration on the Planning, Preliminary Design and Environmental Compliance For the Delta Habitat Conservation and Conveyance Program in Connection with the Development of the Bay Delta Conservation Plan". On November 8, Zone 7 staff submitted a comment letter to Secretary Salazar in support of the MOA and urging to complete the BDCP as scheduled.

A Public Draft of the BDCP and associated Administrative Draft of the Environmental Impact Report/Statement (EIR/S) are due in mid-2012. The Final EIR/S and BDCP is planned for completion by December 2012 with a Record of Decision in early 2013.

Delta Stewardship Council

Formed as part of the 2009 water package legislation, the primary purpose of the Delta Stewardship Council (DSC) is to develop, by January 1, 2012, a legally enforceable, comprehensive, long-term management plan for the Sacramento-San Joaquin Delta and the Suisun Marsh—the Delta Plan—that achieves the coequal goals of water reliability and ecosystem improvements and does this in a manner that protects and enhances the unique cultural, recreational, natural resource and agricultural values of the Delta as an evolving place.

The fifth Draft Delta Plan was released in early August 2011. The Draft EIR was released for public review on November 4, 2011. Zone 7 staff is coordinating with the State Water Contractors in reviewing the document and providing comments. We anticipate that many of the comments on the draft EIR will be assuring that the ag/urban coalition's alternative is fairly evaluated, given the ongoing flow-centric approach that the DSC has favored to date.

Since the draft EIR consists of over 2,000 pages, it will take some time for the water contractors to review and develop a concise set of comments. However, the Association of California Water Agencies (ACWA) Executive Director Timothy Quinn issued the following statement on the release of the draft EIR. "Based on our preliminary read, we continue to have major concerns with the approach the Delta Stewardship Council is taking with its Delta Plan and the environmental review. Though we haven't had time to review and analyze all 2,200 pages, this document – like the draft Delta Plan itself – does not create a clear path for meeting the co-equal goals of improving water supply and ecosystem health, potentially missing this critical opportunity to make real progress…."

"…The draft EIR completely mischaracterizes the alternate plan submitted by our Ag-Urban Coalition. It fails to acknowledge the comprehensive approach we proposed to address both the ecosystem and water supply reliability. Our plan outlines near-, mid- and long-term specific actions to get there, and that seems to be totally lost in this draft EIR…."

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: November 16, 2011 ITEM NO. 17

SUBJECT: VOLUNTARY RESIGNATION PROGRAM

SUMMARY:

On October 27, 2009, the Zone 7 Board of Directors implemented a one-time Voluntary Resignation Program (see attached). Despite the low number of participants, this program was successful in reducing personnel costs. With the continuing economic pressures facing the Zone, staff are recommending a second one-time Program with substantially the same terms as the first.

FINANCIAL:

Funding for this program will come from funds already appropriated for salaries. Staff expects a net savings in the short term with ongoing savings in the future.

RECOMMENDED ACTION:

Adopt attached Resolution.

Attachment: Resolution

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Authorizing Voluntary Resignation Program

WHEREAS, Zone 7 had a successful one-time Voluntary Resignation Program in FY 2009-10; and

WHEREAS, Zone 7 faces continuing pressure to reduce costs.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District authorizes the General Manager to create and implement a Voluntary Resignation Program to occur within the next 6-9 months and directs the General Manager to report the results of that Program to the Board on an ongoing basis.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

November 16, 2011 ______________________________

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: OFFICE OF THE GENERAL MANAGER
CONTACT: JILL DUERIG

AGENDA DATE: October 26, 2009 **ITEM NO:** 4

SUBJECT: Voluntary Resignation Program

SUMMARY:

On July 15, 2009, as a result of preliminary feedback from the Strategic Planning interviews, the Board endorsed conducting a review of current staffing levels to provide data to assist management in making staffing decisions. A contract was executed with A.H. Pruitt Tully ("Tully") to conduct that review. Tully had conducted phases I and II of the review. He solicited input from senior staff, conducted an on-line survey of other agencies, and compared staffing levels of other agencies to benchmark supervisory staffing levels.

The focus of the review was on "span of control" which describes the ratio of employees to supervisors. Ratios ranging from 7:1 to 10:1, with an average of 8:1 for engineers and 8.5:1 for maintenance workers, were found to be the industry standard. Applying these standards to information determined from his review of Zone 7 practices, Tully identified areas in which the numbers of supervisors could ultimately be adjusted for a more economical, efficient organization. Tully made very few recommendations affecting non-supervisory positions.

Staff recommends that staffing reductions be achieved through attrition and voluntary programs. Thus, staff recommends offering a Voluntary Resignation Program to all employees to achieve this goal. The program would offer a severance package to employees who choose to voluntarily resign, and management reserves the right to place a limit on the total number of positions that would be eligible and to deny requests if business needs so dictate. Upon receipt of authorization from the Board, staff will take the necessary steps to implement the program, which include establishing the amount of the severance package, eligibility criteria, and preparation of necessary documentation. Staff expects this work to be done in less than two weeks.

Staff requests that the Board of Directors authorize the General Manager to create and implement a Voluntary Resignation Program to occur in the current fiscal year and direct the General Manager to report the results of that Program to the Board on an ongoing basis.

FUNDING:

Funding for this program will come from funds already appropriated for salaries. Staff expects a net savings the current fiscal year and ongoing savings in the future.

RECOMMENDED ACTION:

Adopt a Resolution Authorizing Voluntary Resignation Program