NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE:	**Wednesday, November 17, 2010**
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 Acting Zone 7 Board Secretary, Judy Rector, at (925) 454-5053 or fax (925) 454-5727. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

A G E N D A

1. Call Meeting to Order

2. Salute to Flag

3. Citizens Forum

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

4. Minutes of the Regular Meeting of October 20, 2010

5. Consent Calendar

   a. Renewal of the Department of Water Resources Municipal Water Quality Investigations Program Agreement
   b. Request for Designation of ACWA Voting Delegate

   Recommended action: Adopt resolutions approving items as presented.

6. Staffing Updates:

   a. Congratulations to Retiree
   b. Employee of the Month Recognition

7. Contract Extension for Information Technology Services

   Recommended action: Adopt resolution.

8. Extension of Untreated Water Contracts and Reorganization of Untreated Water Program

   Recommended action: Adopt resolution.

9. Committees - None

10. Items for Future Agenda – Directors

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

12. Staff Reports (Information items. No action will be taken.)
    a. General Manager's Report
    b. Recent/Current Public Outreach Activities
    c. Legislative Update
    d. Status Report on Separation Efforts
    e. Capital Improvement Program Update
    f. Verbal Reports

13. CLOSED SESSION

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

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

14. Open Session and Report Out of Closed Session

15. Adjournment

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

    a) Regular Board Meeting: December 15, 2010, 7:00 p.m.

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

ORIGINATING SECTION: WATER QUALITY ENGINEERING
CONTACT: BRIAN KEIL/KURT ARENDS

AGENDA DATE: November 17, 2010 ITEM NO.

SUBJECT: Renewal of the Department of Water Resources Municipal Water Quality Investigations Program Agreement

SUMMARY OF AGREEMENT:

- The Department of Water Resources (DWR) Municipal Water Quality Investigations (MWQI) Program and its predecessor, the Delta Heath Aspects Monitoring Program, have been funded by the State Water Project (SWP) Contractors since 1982.
- The MWQI program monitors the water quality of the delta and the water being delivered to the State Water Contractors.
- Zone 7 Water Agency benefits from this program due to its proximity to the source and the information provided by the program, and therefore has been an active participant in the program since it began.
- The MWQI program includes on-line water quality monitoring, routine sampling and analyses, and preparation of such reports as the SWP sanitary survey updates.
- Current annual costs of the MWQI program are not to exceed $3.1 million for any program year. Zone 7's proportional share of funding for the MWQI program will be approximately $88,143 each year for three years.
- The attached Agreement gives a detailed account of the proposed three year agreement (2011 through 2013). The contract agreement is an extension of the existing agreement between DWR, Zone 7, and other participating agencies.

FUNDING:

Funds for this project come from Fund 52–Water Enterprise Fund.

RECOMMENDED ACTION:

By resolution, authorize the General Manager to execute the calendar year 2011-2013 MWQI Agreement with the Department of Water Resources and the Specific Project Agreement for the same period with the State Water Project Contractors Authority to facilitate the implementation, repayment, and funding of the Municipal Water Quality Investigations Program.

ATTACHMENTS:

- Memo Providing Additional Background and Discussion of Agenda Item
- Resolution
- Department of Water Resources Municipal Water Quality Investigations Program Agreement between the State of California Department of Water Resources, State Water Project Contractors Authority, and Participating State Water Project Contractors

Interoffice Memo

Date: November 17, 2010
To: Jill Duerig, General Manager
From: Brian Keil, Junior Water Resources Planner
Subject: Renewal of MWQI Agreements

BACKGROUND:

The Sacramento-San Joaquin Delta conveys drinking water to about two-thirds of the State's population. In 1981, a scientific advisory panel appointed by the Department of Water Resources (DWR) recommended that Delta water quality should be monitored and assessed to protect human health. DWR responded by forming the Interagency Delta Health Aspects Monitoring Program in 1982. This program was renamed the Municipal Water Quality Investigations (MWQI) Program in 1990.

The MWQI Program provides valuable information required for the State Water Project (SWP) Contractors and the CALFED Program to insure the best available source water is pumped from the Delta, to efficiently operate the water storage and treatment facilities, and to plan for and design cost-effective drinking water improvement alternatives to meet future drinking water quality standards using Delta water supplies.

Some of the recent and current projects performed or planned by the MWQI Program are: SWP sanitary survey update, real-time water quality monitoring, water quality forecasting, continued development and expansion of real-time monitoring and forecasting capabilities in the SWP, routine sampling and laboratory analysis for key water quality constituents throughout the Delta and the SWP, and support and interaction with other agencies like CALFED, California Urban Water Agencies (CUWA), and the Central Valley Regional Water Quality Control Board (CVRWQCB) through various studies and programs.

DISCUSSION:

The MWQI Program has a total annual budget of about $3.1 million per year. There are two components that make up this total annual budget:

<u>MWQI Annual Statements of Charges</u>
One component of the funding for the Program is derived from the participating municipal contractors of the SWP per the Municipal Water Quality Agreement that was executed in 1994 and 1997. DWR charges the participating contractors through its Annual Statements of Charges (SOC) under the Transportation minimum Operation, Maintenance, Power and Replacement (OMP&R) component.

<u>MWQI Specific Project Committee</u>
The other component of the total annual budget is the supplemental services account administered separately by the State Water Contractors (SWC). This account was designed to increase flexibility for DWR to carry out the MWQI Program, allowing DWR to acquire staff resources and technical expertise to supplement DWR staff as necessary to enable all planned program activities to be successfully undertaken and completed. For 2011-2013, the total maximum amount in this supplemental services account is $400,000 per year (a portion of the $3.1 million budget). As in previous years, the funds will only be released from the supplemental services account upon approval by the MWQI Specific Project Committee (SPC), composed of program participants including Zone 7.

In previous three year agreements, the SPC Charge was based on a calendar year. Beginning with the 2011-2013 agreement, the SPC Charge will be invoiced on a fiscal year basis. This change was implemented to avoid overpayment in the SPC Charge by some MWQI contractors. Participating contractors will not be billed for the SPC activities for the first half of the 2011 calendar year. MWQI SPC Fund reserves will be used to cover costs during this period. Beginning with fiscal year 2011, the MWQI SPC Charge will be invoiced after the new MWQI work plan has been approved by participating contractors. Payment for this portion of the MWQI program will then be due by September 1st of that fiscal year.

The MWQI Agreement is attached. Under the new Agreements, Zone 7's MWQI (SOC) will be included as a line item in the Annual Statements of Charges from DWR and SPC Charges will be invoiced on a Program Year basis. The total maximum commitment of approximately $88,143 per year to DWR is based on Zone 7's current share of 80,619 acre-feet (table A amount) shown in Table 1, as well as the additional charge of $7,524 for the Specific Project Agreement based on Zone 7's Proportionate Share in Table 2.

Exhibit A shows sample calculations for each year's SOC and SPC charges for hypothetical participants. Final accounting example calculations are also shown for the Agreement period.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

BE IT RESOLVED that the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District be authorized to execute the calendar year 11-13 Agreement with the Department of Water Resources for the implementation, repayment, and funding of the Municipal Water Quality Investigations Program.

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 17, 2010

By____
President, Board of Directors

STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES
MUNICIPAL WATER QUALITY INVESTIGATIONS
AGREEMENT

BETWEEN THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES,
STATE WATER PROJECT CONTRACTORS AUTHORITY AND
PARTICIPATING STATE WATER PROJECT CONTRACTORS

SWPAO NO. 10315

THIS AGREEMENT is made this ____ day of ______, 2010, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California, between State of California, acting by and through the Department of Water Resources (DWR), the State Water Project Contractors Authority (Authority) and participating urban State Water Project (SWP) contractors located in the State of California (Urban SWP Contractors).

RECITALS

WHEREAS, DWR and the Urban SWP Contractors have entered into and subsequently amended long-term water supply contracts, herein referred to as the Water Supply Contracts, providing that DWR will supply certain quantities of water to the Urban SWP Contractors and providing that the Urban SWP Contractors shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payment;

WHEREAS, DWR conducts various studies and activities to protect and improve the quality of SWP drinking water supplies;

WHEREAS, DWR's Municipal Water Quality Investigations (MWQI) Program endeavors to evaluate, report and forecast water quality conditions and identify and evaluate the sources of contaminants that affect the municipal drinking water supplies of the Urban SWP Contractors;

WHEREAS, DWR must have a source of funding to repay the costs of the MWQI Program;

WHEREAS, the Urban SWP Contractors believe the MWQI Program is necessary to provide this important water quality information in a timely way to insure the best available source water is conveyed by the SWP, to efficiently operate their drinking water treatment facilities and to plan for and design cost effective drinking water treatment facilities to meet future drinking water quality standards;

WHEREAS, the Urban SWP Contractors desire an expansion of water quality monitoring in and upstream of the SWP System in the interest of establishing a comprehensive drinking water quality monitoring and forecasting program;

WHEREAS, DWR and the Urban SWP Contractors are endeavoring to increase the value that DWR provides to the contractors;

WHEREAS, the Authority, a public entity, is a Joint Powers Authority created in 2003 to assist DWR with improving SWP efficiency and reliability and is a signatory to this Agreement;

WHEREAS, this Agreement will allow the Authority to provide supplemental water-quality related services to the MWQI Program;

WHEREAS, the Authority has formed an MWQI Specific Project Committee (SPC) made up of many Authority members that are Urban SWP Contractors and are participants in the MWQI Program;

WHEREAS, the MWQI SPC will perform supplemental water quality-related services to the MWQI Program with the intent to offer sufficient flexibility to complete required activities;

WHEREAS, Urban SWP Contractors are willing to enter into this Agreement to pay their share of the MWQI Program costs and accordingly the Urban SWP Contractors will be included in decisions related to the budget, scope, schedule and activities of the MWQI Program;

AGREEMENT

NOW THEREFORE, it is mutually agreed that the following terms, conditions and procedures hereby apply to the implementation and funding of the MWQI Program:

1. **Definitions**. When used in this Agreement, the following definitions shall apply:

(a) **"SWP"** means the State Water Project.

(b) **"Water Supply Contract"** means a long-term contract between the State of California and each Urban SWP Contractor for a water supply from the SWP of the type contained in DWR's Bulletin 141 dated November 1965.

(c) **"Water Supply Contractor"** means a public agency that has a current Water Supply Contract.

(d) **"Municipal Water Quality Investigations Program"** or **"MWQI Program"** means a program to determine and evaluate the sources of contaminants in the SWP system and evaluate their impacts on municipal drinking water supplies to Urban SWP Contractors. The Program will entail all work done by or under the direction of DWR and work done under the direction of the Authority's MWQI SPC.

(e) **"Participating Contractor"** means an Urban SWP Contractor that has executed this Agreement.

(f) **"Program Year"** means the period July 1 through June 30 of the following year.

(g) **"MWQI Work Plan"** means a plan for work to be performed by DWR and the MWQI SPC during a given Program Year.

(h) **"MWQI Specific Project Committee (SPC)"** consists of members of the Authority that have signed the MWQI Specific Project Agreement. The MWQI SPC will approve the work to be performed under the MWQI SPC Account.

(i) **"MWQI SPC Charge"** means the charge to be collected by the Authority each fiscal year through invoices from the Authority to those Participating Contractors that have agreed in their MWQI Specific Project Agreement to pay a portion of the total MWQI Program costs into the MWQI Account for MWQI Program work that is performed by the MWQI SPC during the Program Year.

(j) **"MWQI Statements of Charges (SOC) Charge"** means the charge, based on projected costs, to be collected each calendar year by DWR through the Statements of Charges for MWQI Program work that is performed by DWR during the Program Year.

(k) **"MWQI Specific Project Agreement"** An agreement entered into by Urban SWP Contractors to permit the MWQI SPC to perform supplemental water quality related services as identified in Appendix 1 of the MWQI Work Plan in addition to the work performed by DWR.

(l) **"Statements of Charges (SOC)"** means the annual charges distributed to each Water Supply Contractor on July 1 of each year as defined in Article 29 of the Water Supply Contract.

2. **MWQI Technical Advisory Committee (TAC).** The MWQI Technical Advisory Committee (TAC) shall be convened by DWR and shall consist of representatives from the Participating Contractors, DWR staff, and invited guests. The MWQI TAC will meet as needed to review, refine, and recommend changes to the Work Plan to DWR.

3. **Work Plan Development.**
   (a) DWR shall develop a proposed MWQI Work Plan and budget by March 30 of each year for the upcoming Program Year for presentation to, and to receive recommendations from, the MWQI TAC and for the concurrence of the MWQI SPC for work performed under the MWQI SPC Account. DWR will hold monthly meetings/conference calls with the MWQI TAC and provide a report on the status and progress of the Work Plan with quarterly updates on expenditures. The final Work Plan shall be developed by June 15.

   (b) In developing the Work Plan each year, all comments and suggestions from the Participating Contractors will be processed through the MWQI SPC. The MWQI SPC will submit a unified set of comments to DWR.

   (c) The MWQI Work Plan shall, at a minimum, include:
      (1) A description of the work to be accomplished, broken down into individual program components;

      (2) Descriptions of planned field and laboratory work;

      (3) Specifications for deliverables related to individual program components; and

      (4) Budget for each program component, along with a total budget.

4. **MWQI Work Plan Implementation.**
   (a) The Program shall be conducted in accordance with the Work Plan.

   (b) Adjustments to the MWQI Program may be made at any time in a Program Year through a decision of DWR with the concurrence of the MWQI TAC, and with the concurrence of the MWQI SPC for work performed under the MWQI SPC Account.

   (c) Reasonable program changes may be made as needed by DWR in response to conditions or opportunities that may arise. These changes will be submitted to the MWQI TAC and MWQI SPC at their next scheduled meeting.

5. **Program Deliverables.** At a minimum, DWR will provide the MWQI TAC the Program Deliverables listed below, subject to modification by decision of DWR, and with the concurrence of the MWQI TAC:
   (a) Monthly status reports the last week of the month or at the next scheduled MWQI TAC meeting. Quarterly, the status reports will include an assessment of recent MWQI Program expenditures in relation to the program budget.

(b) A biennial report of the MWQI Program's work accomplished for the prior two consecutive water years will be delivered by June 1 of the following year.

(c) Special study reports shall be completed in a timely manner given staffing and financial constraints.

6. **MWQI SOC Charge.**

(a) DWR shall recover its costs for the MWQI Program through the MWQI SOC Charge. The MWQI SOC Charge shall recover costs incurred by DWR for the MWQI Program consistent with the MWQI Work Plan during the term of this Agreement. Each Participating Contractor's share of the annual MWQI SOC Charge for the term of the Agreement will be calculated each year based upon the annual MWQI SOC Charge times their proportionate share of the M&I Table A amount, as shown in Table 1.

(b) To facilitate billing on a calendar year basis, each Participating Contractor's share of the MWQI SOC Charge will be computed and included in the Participating Contractor's annual SOC under the Transportation Minimum OMP&R component, and, except as otherwise expressly provided in this Agreement, shall be collected under the same terms and conditions as charges are collected under that Water Supply Contract. The MWQI SOC Charge shall initially be based on projections of costs determined pursuant to development of the MWQI Work Plan. The MWQI SOC Charge shall then be subject to re-determination each year by DWR so that the charges may accurately reflect the increases or decreases in costs as compared to the projections of costs and all other factors that are determinative of such charges. Adjustments to the annual charges resulting from a re-determination shall be reflected in each Participating Contractor's share of the MWQI SOC Charge in the following calendar year with interest at the current SWP Project Interest Rate.

(c) The MWQI SOC Charge plus the MWQI SPC Charge will not exceed $3,100,000 for any Program Year.

7. **Performance.** Implementation of the MWQI Program will require staff involvement of various organizational units within DWR. DWR will take steps to ensure sufficient staffing and coordination occurs consistent with the adopted MWQI Work Plan. From time to time due to other assigned duties, individual staff assigned to the MWQI Program may devote less than 100 percent of their effort to identified tasks in the MWQI Work Plan. DWR will not bill Participating Contractors for staff efforts not included in the MWQI Work Plan.

8. **MWQI SPC Account.** Work to be completed by the MWQI SPC is identified in Appendix 1 of the MWQI Work Plan. Appendix 1 is developed by DWR and the MWQI TAC and submitted to the MWQI SPC for approval prior to any work being performed. Appendix 1 shall, at a minimum, include: a description of all professional services to be rendered; all equipment, supplies, or services to be purchased; a description of the work to be accomplished, broken down into individual Work Plan components; descriptions of planned field and laboratory work; specifications for deliverables related to individual work elements; and, budgets for each work element, along with a total budget. The MWQI SPC Account costs for supplemental water quality related services will be collected through the MWQI SPC Charge. Payments from Contra Costa Water District for its participation in the MWQI Program activities may be used to offset the MWQI SPC Charge as necessary. The MWQI SPC Charge shall not exceed $400,000 annually. The MWQI SPC will obtain the necessary goods and services using funds from the MWQI SPC Account to accomplish its share of the MWQI Work Plan.

9. **MWQI SPC Charge.** Each year as necessary, the Authority shall invoice Participating Contractors to collect funds for the MWQI Account. Each Participating Contractor's share of the annual MWQI SPC Charge for the term of the Agreement will be calculated each year based on the annual MWQI SPC Charge times their proportionate share of the M&I Table A amount as shown in Table 2. The MWQI Account shall be used to implement the MWQI SPC activities identified in the annual MWQI Work Plan. The MWQI SPC Charge shall initially be based on projections of costs determined pursuant to development of the MWQI Work Plan. The MWQI SPC Charge shall then be subject to re-determination each year by the MWQI SPC so that the charges may accurately reflect the increases or decreases in costs as compared to the projections of costs and all other factors that are determinative of such charges. Adjustments to the annual charges resulting from a re-determination shall be reflected in each Participating Contractor's share of the MWQI SPC Charge in the following calendar year with interest at the current SWP Project Interest Rate.

10. **Disposition of Property and Equipment.** Any property or equipment obtained by the Authority through the MWQI Account may, at the discretion of the MWQI SPC, be given to DWR "as is." DWR, at its sole discretion, may choose to accept such property or equipment. Upon acceptance, such property or equipment shall become the property of the State of California, and neither the Authority nor any Water Supply Contractor shall have any further responsibility or liability for such property or equipment. The Authority does not and shall not provide any express or implied warranties for any property or equipment given to and accepted by DWR. However, to the extent permitted, the Authority will transfer to DWR any warranties provided by the manufacturer or other third parties for such property or equipment.

11. **Services Provided by the MWQI SPC on State Property.** With the approval of DWR for specific activities, the Authority on the recommendation or approval of the MWQI SPC may provide for services to be completed on State property as part of the Work Plan in Appendix 1. The Authority shall hold the State harmless for any litigation arising from any claims that may arise from the participating vendor, contracted by the Authority, providing the services.

12. Water Supply Contract. Except as specified in this Agreement, the provisions of the Participating Contractor's Water Supply Contract shall be applicable to this Agreement.

13. State Law. This Agreement is made under and shall be construed in accordance with the laws of the State of California.

14. MWQI Staff Out-of-State Travel. If requested by the MWQI-SPC, MWQI staff may be required to attend out of State scientific conferences to ensure that the MWQI Program provides the best available water quality information to the MWQI-SPC and ensures that scientific studies are designed in the most innovative, but cost-effective manner possible, to meet future drinking water quality standards. Travel expenses will come out of DWR's MWQI Program Budget.

15. Conversion of MWQI SPC Charge from Calendar Year to Fiscal Year. In order to convert the MWQI SPC Charge from a calendar year basis to a fiscal year basis (i.e. Program Year), Participating Contractors will not be invoiced by the Authority for the January – June 2011 period and the MWQI SPC Fund reserves will be used to cover MWQI Program costs during that period. Thereafter, the MWQI SPC Charge for the period July 1, to June 30 each year will be invoiced after the new MWQI Work Plan is approved and payments will be due on September 1st. For the purposes of Paragraph 17, Final Program Accounting, the monies spent from the MWQI Account will be based upon the period January 1, 2011 through December 31, 2013 minus the monies contributed by the CCWD. For the purposes of Paragraph 17, Final Program Accounting, the monies paid into the MWQI Account shall be based upon the MWQI SPC Charges for Program Year 2011 – 2012, Program Year 2012 – 2013, one-half of the Program Year 2013 – 2014 and the actual MWQI Funds spent January 1, 2011 through June 30, 2011.

16. Adjustment of Table 2 Proportionate Factors. Table 2 Proportionate Use Factors are based upon the best information available of Participating Contractors that will be paying into the MWQI SPC Charge at the time this Agreement is executed. These Proportionate Use Factors may be adjusted if a Participating Contractor requests not to pay into the MWQI Account and the request is approved by the MWQI SPC. The total of the Participating Contractors Table A Amount in Table 2 shall not be less than 2,500,000 acre-feet. Any Participating Contractor not paying into the MWQI SPC Account through the MWQI SPC Charge will still be subject to Paragraph 17, the Final Program Accounting.

17. Final Program Accounting.

(a) At the end of the Agreement, DWR and Authority will work together to summarize all Participating Contractor's MWQI SOC Charges, MWQI SPC Charges and those MWQI Account costs paid for by the payments from CCWD and all actual MWQI Program costs incurred during the term of this Agreement. This Final Program Accounting will determine if each Participating Contractor has paid its proportionate share of the total actual MWQI Program costs through its payments to both the MWQI SOC Charge and the MWQI SPC Charge during the term of the Agreement. Each Participating Contractor's proportionate share of the total MWQI Program costs will be in the same proportion as its M&I Table A Amount shown in Table 1 bears to the total of all Participating Contractor's M&I Table A Amounts shown in Table 1.

(b) If a new MWQI Agreement, similar to this MWQI Agreement, is implemented effective January 1, 2014, DWR will account for each Participating Contractor's Final Program Accounting over and under payment to the MWQI SOC Charge in the 2015 MWQI SOC Charge. If a new MWQI Agreement, similar to this MWQI Agreement is not implemented, DWR will invoice each Participating Contractor for its Final Program Accounting over or under payment in the 2015 SOC.

(c) If a new MWQI Agreement, similar to this MWQI Agreement, is implemented effective January 1, 2014, the Authority will provide for each Participating Contractor's Final Program Accounting over and under payment to the MWQI SPC Charges for the Program Year 2014 - 2015 MWQI SPC Charge. If a new MWQI Agreement, similar to this MWQI Agreement is not implemented, the Authority will issue either a check or invoice to each Participating Contractor for its Final Program Accounting over or under payment by July 1, 2014. Payments for the second half of Program Year 2013 – 2014 will also be refunded July 1, 2014.

(d) Sample calculations showing each year's MWQI SOC Charge, MWQI SPC Charge and Final Program Accounting for four hypothetical contractors are shown in Exhibit A.

18. Term of Agreement. This Agreement shall take effect on January 1, 2011, only if this MWQI Agreement is executed by the Participating Contractors that together have M&I Table A Amounts totaling at least 2,300,000 acre-feet. This Agreement shall terminate on December 31, 2013, except for payments or credits found through re-determination pursuant to Paragraph 17 of this Agreement. If the Participating Contractors decide to continue to fund the MWQI Program starting January 1, 2014, the MWQI SPC will provide DWR with a Letter of Intent no later than April 1, 2013 of that intent. This will allow DWR time to prepare the preliminary estimates for the 2014 SOC.

19. Agreement Execution. This Agreement may be executed in counterparts, each of which will be deemed to be an original and all of which together will be deemed to be the same document. Each entity certifies that the person signing below on the respective entity's behalf has the authority to bind that entity to the covenants made in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

APPROVED AS TO LEGAL FORM
AND SUFFICIENCY

Cathy Crothers
Acting Chief Counsel

Date ______________________

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Dean Messer, Chief
Division of Environmental Services

Date ______________________

ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT, ZONE 7

Jill Duerig
General Manager

Date ______________________

ALAMEDA COUNTY WATER DISTRICT

Walt Wadlow
General Manager

Date ______________________

ANTELOPE VALLEY-EAST KERN
WATER AGENCY

Dan Flory
General Manager

Date ______________________

CASTAIC LAKE WATER AGENCY

Dan Masnada
General Manager

Date ______________________

CENTRAL COAST WATER AUTHORITY

William Brennan
Executive Director

Date ______________________

CRESTLINE-LAKE ARROWHEAD
WATER AGENCY

Roxanne Holms
General Manager

Date ______________________

KERN COUNTY WATER AGENCY

James Beck
General Manager

Date ______________________

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Davendra Upadhyay, Manager
Water Resource Management

Date ______________________

MOJAVE WATER AGENCY

____
Kirby Brill
General Manager

Date ______________________

NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

____
Don Ridenhour
District Engineer

Date ______________________

PALMDALE WATER DISTRICT

____
Dennis LaMoreaux
General Manager

Date ______________________

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

____
Douglas Headrick
General Manager

Date ______________________

SAN GORGONIO PASS WATER AGENCY

____
Jeff Davis
General Manager

Date ______________________

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

____
Paavo Ogren
Public Works Director

Date ______________________

SANTA CLARA VALLEY WATER DISTRICT

____
Beau Goldie
General Manager

Date ______________________

SOLANO COUNTY WATER AGENCY

____
David Okita
General Manager

Date ______________________

STATE WATER PROJECT CONTRACTORS AUTHORITY

____
Mary Lou Cotton
General Manager

Date ______________________

STATEMENT OF CHARGES ALLOCATION FACTORS
TABLE 1

	M&I Table A	Proportionate Share
ALAMEDA CO FC&WCD - ZONE 7	80,619	0.02818466
ALAMEDA COUNTY WD	42,000	0.01468333
ANTELOPE VALLEY-EAST KERN WA	141,400	0.04943389
CASTAIC LAKE WA	95,200	0.03328222
CRESTLINE-LAKE ARROWHEAD WA	5,800	0.00202770
KERN COUNTY WATER AGENCY	119,600	0.04181254
METROPOLITAN WD OF SC	1,911,500	0.66826645
MOJAVE WATER AGENCY	75,800	0.02649992
NAPA COUNTY FC&WCD	29,025	0.01014723
PALMDALE WD	21,300	0.00744655
SAN BERNARDINO VALLEY MWD	102,600	0.03586928
SAN GORGONIO PASS WA	17,300	0.00604813
SAN LUIS OBISPO CO. FC&WCD	25,000	0.00874008
CENTRAL COAST WATER AUTH	45,486	0.01590205
SANTA CLARA VALLEY WD	100,000	0.03496032
SOLANO COUNTY WA	47,756	0.01669565
TOTAL	**2,860,386**	**1.00000000**

MWQI SPECIFIC PROJECT COMMITTEE CHARGE FACTORS
TABLE 2

	M&I Table A	Proportionate Share
ALAMEDA CO FC&WCD - ZONE 7	80,619	0.02843317
ALAMEDA COUNTY WD	42,000	0.01481280
ANTELOPE VALLEY-EAST KERN WA	141,400	0.04986975
CASTAIC LAKE WA	95,200	0.03325768
CRESTLINE-LAKE ARROWHEAD WA	5,800	0.00204558
KERN COUNTY WATER AGENCY	119,600	0.04218121
METROPOLITAN WD OF SC	1,911,500	0.67415865
MOJAVE WATER AGENCY	75,800	0.02673357
NAPA COUNTY FC&WCD	29,025	0.01023670
PALMDALE WD	21,300	0.00751220
SAN BERNARDINO VALLEY MWD	102,600	0.03618555
SAN GORGONIO PASS WA	17,300	0.00610146
CENTRAL COAST WATER AUTH.	45,486	0.01604226
SANTA CLARA VALLEY WD	100,000	0.03526857
SOLANO COUNTY WA	47,756	0.01684286
TOTAL	**2,835,386**	**1.00000000**

EXHIBIT A

PROGRAM YEAR 2011

MWQI PROGRAM	3,100,000
MWQI SOC CHARGE	2,800,000
MWQI SPC CHARGE	300,000

MWQI STATEMENT OF CHARGES (SOC) CHARGE								MWQI SPECIFIC PROJECT COMMITTEE (SPC) CHARGE				
CONTRACTOR	TOTAL ALLOCATION	2011 MWQI SOC CHARGE SHARE	PRIOR YEAR O/U	MWQI SOC PRIOR YEAR INTEREST	2011 SOC INVOICE	2011 ACTUAL SOC 2,700,000 SHARE	2011 MWQI SOC CHARGE O/U	PRIOR YEAR MWQP SPC CHARGE O/U	MWQI SPC PRIOR YEAR INTEREST	MWQI SPC COLLECTED 300,000	MWQI SPENT 180,000	MWQI O/U
A	0.50	1,400,000	-	-	1,400,000	1,350,000	50,000	-	0	200,000	120,000	80,000
B	0.25	700,000	-	-	700,000	675,000	25,000	-	0	100,000	60,000	40,000
C	0.15	465,000	-	-	465,000	405,000	60,000	-	0			-
D	0.10	310,000	-	-	310,000	270,000	40,000	-	0			-
		2,875,000	-	-	2,875,000	2,700,000	175,000	-	-	300,000	180,000	120,000

2011 MWQI SOC CHARGE AND MWQI SPC CHARGE SUMMARY

CONTRACTOR	2011 MWQI SOC PAID	2011 MWQI SPC PAID	2011 TOTAL PAID	2011 SOC OWED	2011 SPC OWED	2011 TOTAL OWED	2011 OVER/UNDER
A	$ 1,400,000	200,000	1,600,000	1,350,000	90,000	1,440,000	160,000
B	$ 700,000	100,000	800,000	675,000	45,000	720,000	80,000
C	$ 465,000	-	465,000	405,000	27,000	432,000	33,000
D	$ 310,000	-	310,000	270,000	18,000	288,000	22,000
TOTAL	2,875,000.00	300,000	3,175,000	2,700,000	180,000	2,880,000	

PROGRAM YEAR 2012

MWQI PROGRAM	3,100,000
MWQI SOC CHARGE	3,000,000
MWQI SPC CHARGE	100,000

		MWQI STATEMENT OF CHARGES (SOC) CHARGE						MWQI SPECIFIC PROJECT COMMITTEE (SPC) CHARGE				
						2012				2012		
		2012 MWQI	PRIOR	MWQI SOC	2012	ACTUAL	2012 MWQI	PRIOR YEAR	MWQI SPC	MWQI	MWQI	MWQI
CONTRACTOR	TOTAL	SOC CHARGE	YEAR	PRIOR YEAR	SOC	SOC	SOC CHARGE	MWQP SPC	PRIOR YEAR	COLLECTED	SPENT	O/U
	ALLOCATION	SHARE	O/U	INTEREST	INVOICE	2,800,000	O/U	CHARGE O/U	INTEREST	0.00	100,000	
						SHARE						
A	0.50	1,500,000	50,000	2,000	1,448,000	1,400,000	48,000	80,000	3,200	-	66,667	16,533
B	0.25	750,000	25,000	1,000	724,000	700,000	24,000	40,000	1,600	-	33,333	8,267
C	0.15	465,000	60,000	2,400	402,600	420,000	(17,400)	-	-			-
D	0.10	310,000	40,000	1,600	268,400	280,000	(11,600)	-	-			-
		3,025,000	175,000	7,000	2,843,000	2,800,000	43,000	120,000	4,800	-	100,000	24,800

2012 MWQI SOC CHARGE AND MWQI SPC CHARGE SUMMARY

CONTRACTOR		2012	2012	2012			2012	2012	2012		2012
		SOC	MWQI SPC	TOTAL			SOC	SPC	TOTAL		OVER/UNDER
		PAID	PAID	PAID			OWED	OWED	OWED		
A	$	1,448,000	3,200	1,451,200			1,400,000	50,000	1,450,000		1,200
B	$	724,000	1,600	725,600			700,000	25,000	725,000		600
C	$	402,600	-	402,600			420,000	15,000	435,000		(32,400)
D	$	268,400	-	268,400			280,000	10,000	290,000		(21,600)
TOTAL		2,843,000.00	4,800	2,847,800			2,800,000	100,000	2,900,000		

PROGRAM YEAR 2013

MWQI PROGRAM	3,100,000
MWQI SOC CHARGE	2,900,000
MWQI SPC CHARGE	200,000

		MWQI STATEMENT OF CHARGES (SOC) CHARGE						MWQI SPECIFIC PROJECT COMMITTEE (SPC) CHARGE				
						2013				2013		
		2013 MWQI	PRIOR	MWQI SOC	2013	ACTUAL	2013 MWQI	PRIOR YEAR	MWQI SPC	MWQI	MWQI	MWQI
CONTRACTOR	TOTAL	SOC CHARGE	YEAR	PRIOR YEAR	SOC	SOC	SOC CHARGE	MWQI SPC	PRIOR YEAR	COLLECTED	SPENT	O/U
	ALLOCATION	SHARE	O/U	INTEREST	INVOICE	**2,800,000**	O/U	CHARGE O/U	INTEREST	200,000	**100,000**	
						SHARE						
A	0.50	**1,450,000**	48,000	1,920	1,400,080	1,400,000	80	16,533	661	**133,333**	66,667	83,861
B	0.25	725,000	24,000	960	700,040	700,000	40	8,267	331	66,667	33,333	41,931
C	0.15	465,000	(17,400)	(696)	483,096	420,000	63,096	-	-			-
D	0.10	310,000	(11,600)	(464)	322,064	280,000	42,064	-	-			-
	1.00	2,950,000	43,000	1,720	2,905,280	2,800,000	105,280	24,800	992	200,000	100,000	125,792

2013 MWQI SOC CHARGE AND MWQI SPC CHARGE SUMMARY

CONTRACTOR	2013	2013	2013	2013	2013	2013	2013
	SOC	MWQI SPC	TOTAL	SOC	SPC	TOTAL	OVER/UNDER
	PAID	PAID	PAID	OWED	OWED	OWED	
A	$ **1,400,080**	**133,995**	**1,534,075**	**1,400,000**	50,000	1,450,000	84,075
B	$ **700,040**	66,997	767,037	700,000	25,000	725,000	42,037
C	$ **483,096**	-	**483,096**	420,000	15,000	435,000	48,096
D	$ **322,064**	-	**322,064**	280,000	10,000	290,000	32,064
TOTAL	2,905,280.00	200,992	3,106,272	2,800,000	100,000	2,900,000	206,272

2011-2013 MWQI PROGRAM SUMMARY

CONTRACTOR	2011 PAID	2012 PAID	2013 PAID		TOTAL PAID		2011 OWED	2012 OWED	2013 OWED	TOTAL OWED		OVER/UNDER
A	$ 1,600,000	$ 1,451,200	$ 1,534,075		$ 4,585,275		$ 1,440,000	$ 1,450,000	$ 1,450,000	$ 4,340,000		$ 245,275
B	$ 800,000	$ 725,600	$ 767,037		$ 2,292,637		$ 720,000	$ 725,000	$ 725,000	$ 2,170,000		$ 122,637
C	$ 465,000	$ 402,600	$ 483,096		$ 1,350,696		$ 432,000	$ 435,000	$ 435,000	$ 1,302,000		$ 48,696
D	$ 310,000	$ 268,400	$ 322,064		$ 900,464		$ 288,000	$ 290,000	$ 290,000	$ 868,000		$ 32,464
TOTAL	$ 3,175,000	$ 2,847,800	$ 3,106,272		$ 9,129,072	$ -	$ -	$ -	$ -	$ 8,680,000	$ -	$ 449,072

CONTRACTOR		TOTAL O/U	SOC CREDIT APPLIED	O/U ADJUST	SOC O/U	MWQI SPC O/U
A		$ 245,275	$ 98,000	$ 147,275	$ 80	$ 147,195
B		$ 122,637	$ 49,000	$ 73,637	$ 40	$ 73,597
C		$ 48,696	$ 42,600	$ 6,096	$ 63,096	$ (57,000)
D		$ 32,464	$ 28,400	$ 4,064	$ 42,064	$ (38,000)
TOTAL		$ 449,072	$ 218,000	$ 231,072	$ 105,280	$ 125,792

FINAL PROGRAM ACCOUNTING

MWQI SOC CHARGE 0/U	MWQI SPC CHARGE 0/U
$ 63,413	$ 83,861
$ 31,707	$ 41,931
$ 6,096	$ -
$ 4,064	$ -
$ 105,280	$ 125,792

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: November 17, 2010 ITEM NO. 5b

SUBJECT: REQUEST FOR DESIGNATION OF ACWA VOTING DELEGATE

SUMMARY:

The Association of California Water Agencies (ACWA) will hold this year's Fall Conference in Indian Wells, California. Director Dick Quigley is registered to attend. During the Conference, there will be a General Session meeting of the ACWA membership on Wednesday, December 1, 2010. During the General Session, votes will be taken on a proposed comprehensive modernization of ACWA's bylaws. A copy of the summary memorandum is attached.

ACWA has asked member agencies to designate a voting delegate who will be physically present at the conference to vote on behalf of the agency. The Board could, at the same time, suggest how any such votes should be cast on the matter under consideration.

FINANCIAL:

If a Board member already attending the meeting is designated as Zone 7's voting delegate, no additional costs will be incurred.

RECOMMENDED ACTION:

Adopt attached Resolution.

Attachments: ACWA's October 29, 2010 Memorandum
Resolution

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, the Association of California Water Agencies (ACWA) is holding a Fall Conference in Long Beach, California; and

WHEREAS, ACWA will be holding a General Session meeting of the ACWA membership at its Fall Conference on Wednesday, December 1, 2010; and

WHEREAS, ACWA has requested that each member agency designate one person to act as its voting delegate at the General Session for purposes of voting on a Bylaw amendment; and

WHEREAS, Director Dick Quigley will be in attendance at the Fall Conference.

NOW, THEREFORE, BE IT RESOLVED, that the Board authorizes Dick Quigley to act as its voting delegate for this purpose.

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 17, 2010

By____________________________
President, Board of Directors

1910 – 2010
A Century of Leadership
ACWA
Vision for the Future
Association of California Water Agencies

Association of California Water Agencies
910 K Street, Suite 100,
Sacramento, California 95814-3577
916.441.4545 FAX 916.325.4849

Hall of the States
400 N. Capitol St., N.W., Suite 357 South,
Washington, D.C. 20001-1512
202.434.4760 FAX 202.434.4763
www.acwa.com

MEMORANDUM

TO: ACWA Public Agency Members
General Managers and Board Presidents

CC: ACWA Board of Directors

FROM: Paul Kelley, ACWA President
Randy Record, ACWA Vice President

DATE: October 29, 2010

SUBJECT: General Session Membership Meeting at ACWA's 2010 Fall Conference

There will be a General Session Membership Meeting of the ACWA membership at ACWA's 2010 Fall Conference in Indian Wells, California, on Wednesday, December 1. The purpose of this meeting is to conduct a vote by the membership on proposed amendments to the bylaws recommended by the ACWA Board of Directors, at its meeting of September 24. The proposed bylaws amendments are attached hereto. The bylaws amendments represent a comprehensive modernization of the bylaws.

Earlier this year President Paul Kelley convened a Decision-Making Workgroup (DMWG) to recommend changes to the ACWA Bylaws as well as certain operating procedures. The DMWG generated a report with recommendations for amendments. The ACWA Board of Directors reviewed the DMWG's recommendations on May 21 and forwarded their report and recommendations to Legal Affairs Committee Chair Scott Shapiro, who created a Legal Affairs Committee Workgroup (LACW) consisting of Paul Bartkiewicz, Jim Ciampa, Dan Hentschke, Art Kidman, Robert Maddow, Mary Aileen Matheis, Jeanne Zolezzi, himself, and committee staff liaison Whitnie Henderson. The LACW developed a comprehensive modernization of the bylaws that addresses: (1) the report created by the DMWG, (2) ambiguities in, and the poor organization of, the existing bylaws as identified by the LACW, and (3) other appropriate policy issues identified by ACWA staff, ACWA leadership, and the LACW.

In response, the LACW created three successive drafts, which were then reviewed by ACWA leadership and management, the entire Legal Affairs Committee, the DMWG, and the ACWA Board of Directors.

The attached draft makes changes in six primary areas: (1) qualifications for Board members, (2) role of the executive director, (3) issues regarding meetings and minutes, (4) role of the Board of Directors, (5) clarification of issues not previously addressed or addressed ambiguously, and (6) reorganization of bylaws to put similar items together.

Regarding qualifications for Board members, the Board proposes that the president and vice president of ACWA be limited to a member of the governing body of a member agency and be qualified at the time of his/her election, but not necessarily throughout term. This will allow for continuity of leadership even where a member agency board member loses an election for the member agency board. For committee chairs and region chairs/vice chairs, the Board proposes these board members be limited to officers, employees, governing body members, and representatives of member agencies. The Board recommends that the bylaws provide that these board members must remain qualified throughout their term of office, but where they are no longer qualified, they may be reappointed once re-qualified.

For the role of the executive director, which was not previously clearly defined, the Board has provided a detailed list of duties and authorities, including: the executive director is hired and terminated by the Board of Directors; the Board sets performance expectations for the executive director; the executive committee performs an annual evaluation of the executive director and determines compensation, but both the compensation and the results of the annual evaluation must be reported to the Board of Directors; and the executive director handles all hiring and firing of ACWA staff.

The Board has recommended changes to the sections of the bylaws dealing with the meetings and the distribution of meeting materials, including: clarification that executive committee meetings are open to the entire Board of Directors; special meetings of the Board and of the executive committee may be called with 48 hours and 24 hours notice, respectively, when called with electronic notice (fax or e-mail); written minutes of all meetings are to be distributed promptly to the entire Board of Directors; the executive director has the duty to make information available to the entire Board for special meetings; and the executive committee is to be consulted by the president before calling a special meeting of Board.

The amended bylaws provide significant guidance on the role of the Board of Directors and its ability to delegate power including: retaining the authority to override the exercise of any authority previously delegated by the Board, but cannot override those authorities otherwise delegated by the bylaws; all authorities may be delegated by the Board of Directors, in writing, except for five authorities which the Board of Directors must perform: (1) hiring and firing of the executive director, (2) setting of performance expectations for the executive director, (3) reviewing the annual performance evaluation and compensation provided for the executive director by the executive committee, (4) adopting the budget, and (5) setting of dues for the membership.

Finally, a number of changes were made to the bylaws to address ambiguities and to put similar items together for better organization.

The Board of Directors recommends adoption of these bylaws amendments through a vote of the membership. Scott Shapiro, chair of the legal affairs committee, is available in advance of the meeting of the membership to answer any questions you may have (916-520-5234) and will also provide a brief overview of these changes during the General Session Membership Meeting before the item is called for a vote.

In order to expedite the sign-in process of the voting delegates from each agency, each member agency may designate one individual to cast the vote on behalf of the agency. **Please have the enclosed proxy form signed by the individual who will be attending the General Session to vote on behalf of your agency, and return it by fax (916-554-2350) or e-mail (donnap@acwa.com) at your earliest convenience, but no later than November 30.** If there is a last minute change of delegate, please let us know before the meeting date by contacting ACWA's Executive Assistant/Clerk of the Board, Donna Pangborn, at 916-441-4545 or donnap@acwa.com. If necessary, completed forms can be hand-carried to the conference. However, in order to vote, this form must be on file with ACWA prior to close of business on Tuesday, November 30.

If you have any questions, do not hesitate to contact us by telephone or e-mail.

dgp

Enclosures:

1. General Session Membership Meeting – Agenda, December 1, 2010
2. General Session Membership Meeting – Minutes, December 2, 2009
3. Proposed ACWA Bylaws Amendments
4. Current ACWA Bylaws
5. Proxy Form

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES / GINGER STATON

AGENDA DATE: November 17, 2010 ITEM NO.

SUBJECT: Staffing Update: Congratulations to Retiree

SUMMARY:

Continuing our practice of advising the Board of Directors on staffing changes, we are recognizing the name and service time for one employee who has retired from Agency service.

Retirement of Keith Jackson, Water Facilities Supervisor
We would like to recognize Keith Jackson, Water Facilities Supervisor who started his career with Zone 7 in in September 1979 as a Water Plant Operator, joining us after 5 years at Metropolitan Water District in Southern California. He was then promoted to Water Facilities Supervisor in January 1982. In April of 1984 Keith received his Grade 5 Treatment Operator Certificate from the State Department of Public Health. Keith was instrumental in putting together Zone 7's first comprehensive safety program in the late 1980s. He has supervised at both of the Water Treatment Plants and during the last several months he has been on special assignment to the maintenance department to facilitate the implementation of the new Computerized Maintenance Management System (CMMS).

RECOMMENDED ACTION:

Adopt the attached resolution acknowledging service to the Agency of Keith Jackson.

WHEREAS, Keith J. Jackson has served the citizens of the Livermore-Amador Valley since his employment with the Zone 7 Water Agency began in September 1979; and

WHEREAS, Mr. Jackson began his service to Zone 7 as Water Plant Operator, advancing to Water Facilities Supervisor in January 1982; and

WHEREAS, Mr. Jackson has achieved several important accomplishments while employed with Zone 7, including:

- Development of the Agency's first comprehensive Safety Program, investing a considerable amount of his own time in developing the program and its training curriculum; and
- Participation in the development of many other of the Agency's current systems and programs including water facilities maintenance, Capital Improvement Program, Supervisory Control and Data Acquisition (SCADA), Computerized Maintenance Management System (CMMS); and
- Significant operational contribution and leadership in helping the Agency to successfully meet the water demands of the Livermore-Amador Valley during the historic seven-year drought of 1988-1994; and
- Supervision and management of each of the Agency's major facilities including the Del Valle Water Treatment Plant, the Patterson Pass Water Treatment Plant, the Patterson Pass Ultra Filtration Plant, and the Well Field & Distribution System; and
- Active participation on the Employee Safety Committee and several other employee groups, encouraging individuals to "Speak your mind, even if your voice shakes"; and

WHEREAS, Mr. Jackson retired from Zone 7 service effective November 6, 2010;

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby acknowledge, commend, and thank Mr. Jackson for his fine public service to Zone 7 Water Agency and the people of the Livermore-Amador Valley.

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 17, 2010

By______________________________________

President, Board of Directors

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: November 17, 2010   ITEM NO:

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

Darryl "Pete" Petersen, Lead Plant Mechanic, has been chosen from among those nominated as the September 2010 Employee of the Month. Pete works in the Maintenance Section, located at our Del Valle Water Treatment Plant. According to the recommendation the committee received, Pete is a pleasure to work with and always does his best to assist when immediate help is needed. He is creative at problem solving when faced with difficult maintenance related issues and tries to satisfy everyone involved, as much as is genuinely possible. Pete is complimented as well on his professionalism, initiative, and persistence. In summary, we are fortunate to have Pete's knowledge and experience on the job. He has been a valuable part of our Maintenance Section for many years. Through his work, Pete has contributed greatly to the success of the Section and to the betterment of Zone 7.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Darryl "Pete" Petersen as September 2010 Employee of the Month.

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

AGENDA DATE: November 17, 2010 ITEM NO.

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 existing contract expires on December 31, 2010.
- The contract terms provided options to extend the contract for two one-year term at a mutually agreed upon negotiated price. In the 2008 response to a Request for Proposal, LanLogic provided a cost of $219,836 for the first extension term.
- LanLogic has performed satisfactorily and Zone 7 has a continuing need for information technology services
- Staff recommends extending the contract with LanLogic for one year with a new expiration date of December 31, 2011 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, 2011 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, 2010; and

WHEREAS, the existing agreement contains provisions for two one-year extension term; 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 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 year, to expire on December 31, 2011, at a not-to-exceed cost of $219,836.

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 17, 2010

By____
President, Board of Directors

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

ORIGINATING SECTION: WATER SUPPLY ENGINEERING
CONTACT: SAL SEGURA/JARNAIL CHAHAL

AGENDA DATE: November 17, 2010 ITEM NO. 8

SUBJECT: Extension of Untreated Water Contracts and Reorganization of Untreated Water Program

SUMMARY:

- Zone 7 currently has 72 untreated water customers with a total maximum annual allotment of 8,129 acre-feet per year. Each of the 72 untreated water contracts has individual expiration dates ranging from June 30, 2008 through August 8, 2023.
- Forty of these contracts have expired or will be expiring on December 31, 2010
- Of the 72 customers, Zone 7 only directly delivers untreated water to seven "turnout contractors," who have South Bay Aqueduct Turnouts. The remaining 65 untreated water customers ("remote customers") receive their untreated water through the turnout contractors' respective conveyance systems. There may also be other remote customers that do not have contracts with Zone 7.
- Zone 7 only invoices "turnout contractors," who in turn, invoice the "remote customers" they serve.
- The existing contracts do not accurately represent Zone 7's contractual relationship with either remote or turnout customers.
- In November 2008, the Zone 7 Board of Directors extended the then expiring contracts for 2 years to allow time to explore options for reorganizing the program.
- In August 2009, the law firm of Bartkiewicz, Kronick & Shanahan (BKS) reviewed the untreated water program and opined that Zone 7's relationship with untreated customers should be based on ordinance and regulation.
- In 2009, Zone 7 initiated discussions with the turnout contractors to re-organize the existing untreated water program. Due to staffing changes at Zone 7, the discussions were never finalized.
- Staff proposes to discuss the program reorganization options with our current counsel (Downey Brand) and re-initiate dialogue with the untreated customers to reorganize the program.
- Staff believes this effort can be completed in one year and recommend that contracts that have or are about to expire be extended until December 31, 2011.

FUNDING:

This effort is funded from Fund 52 –Water Enterprise Fund.

RECOMMENDED ACTION:

Adopt the attached resolution authorizing the General Manager to amend the expired or soon-to-expire untreated water service contracts to extend the respective terms until December 31, 2011 and re-initiate discussions with existing untreated water customers to reorganize the untreated water program.

ATTACHMENTS:

1. Interoffice Memo
2. Zone 7 Board Resolution

<u>Interoffice Memo</u>

Date: November 17, 2010
To: Jill Duerig, General Manager
From: Sal Segura, Associate Engineer
Subject: Extension of Untreated Water Contracts and Reorganization of Untreated Water Program

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

BACKGROUND:

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. Deliveries steadily increased as new contractors were added and as existing contractors expanded operations. Currently, Zone 7 has Untreated Water Service Agreements with 72 untreated water customers who, collectively, may request water deliveries of up to 8,129 acre feet per year. The untreated water contracts themselves have remained relatively unchanged since they were first established. Depending on what "generation" of contract is held, they may contain different provisions. For example, post-1997 contracts will have slightly different provisions than contracts from the 1980's. The untreated water contract term is typically for a period of 15 years, however, since contracts are implemented individually, the termination dates vary. Of the 72 contracts, 40 contracts have expired (previous extensions were not signed by contractor) or are scheduled to expire within the next two months. The remaining 32 contracts have various expiration dates ranging from Jan 1, 2013 through August 8, 2023. Attachment A lists all of our untreated water contractors sorted by expiration date (note that some contractors have multiple listings to account for different parcels they own).

While Zone 7 has untreated water contracts with 72 separate customers, only seven customers are "turnout customers," who own the conveyance facilities directly connected to the SBA turnouts. Zone 7 delivers untreated water to these seven Turnout Customers and the remaining 65 "remote customers" receive their untreated water deliveries through the turnout customers' respective conveyance facilities. Zone 7's practice has been to invoice the seven turnout customers for all water delivered through the SBA turnouts, which includes the water they wheel (deliver through these facilities) to the remote customers. The turnout customers, in turn, invoice their respective individual remote customers. The untreated water contracts do not contain provisions for this relationship between turnout customers and remote customers. This relationship has evolved with the growth and success of the South Livermore Plan, Ruby Hill and other rural developments, however the contracts have not been amended to reflect these new conditions. Furthermore, it has come to the attention of staff that there may be some remote customers that do not have contracts with Zone 7 but are receiving water from a "turnout customer" such as may be occurring in the Ruby Hill development.

Another variation in the untreated water contracts is that customers obtaining an untreated water contract from Zone 7 post-1997 paid a "connection fee" based on the cost of obtaining the untreated water supply. Customers with contracts pre-1997 were grandfathered in based on either their 1996 delivery request or their actual maximum use between 1992 to 1996, whichever was higher. All these factors will be considered in developing a revised untreated water contract program.

DISCUSSION:

On November 19, 2008, the Zone 7 Board approved an agenda item similar to this one to extend contracts that were about to expire. In early 2009, Zone 7 staff initiated outreach with the turnout contractors, primarily Wente. Changes in legal staffing since then did not allow these discussions to reach their intended purpose. In August 2009, the law firm of Bartkiewicz, Kronick and Shanahan (BKS) provided input on possible options of reorganizing the existing untreated water program by adopting an ordinance and regulating the program via provisions. They also briefly touched on the idea of updating the existing contracts or managing the program through a mutual water company. These ideas have not yet been shared with the contractors and should be considered in developing a workable solution. Staff will develop a plan for how best to move forward with our untreated water customers.

The goal of reorganizing the program is to adopt a program which best suits all stakeholders and reflects what is actually occurring between Zone 7 and its untreated water customers. The contracts scheduled to expire are proposed to be extended until December 31, 2011, during which time staff will work with the stakeholders on the new program to address their concerns.

ATTACHMENT: List of Existing Untreated Water Contracts with Expiration Dates

Attachment A

List of Current Untreated Water Contracts with Expiration Dates

	NAME	EXPIRATION DATE		NAME	EXPIRATION DATE
1	MOLINARO/ARACNE	**June 30, 2008**	39	WENTE @ R. HILL	December 31, 2010
2	NARDOLILLO	**June 30, 2008**	*40	WINE GROUP	December 31, 2010
3	ABBOUD	December 31, 2010	41	ARROYO/AERO	January 1, 2013
4	AGUIRRE	December 31, 2010	*42	CORBETT (Greenville)	January 1, 2013
*5	ALTAMONT LANDFILL	December 31, 2010	43	CORBETT (Hansen Rd)	January 1, 2013
6	AULT	December 31, 2010	44	HERIGSTAD	January 1, 2013
7	BURKHART	December 31, 2010	45	ISING	January 1, 2013
8	CARTER	December 31, 2010	46	JAEGEL	January 1, 2013
9	COBURN	December 31, 2010	47	STADLER	January 1, 2013
10	DAVEY	December 31, 2010	48	TARANTINO	January 1, 2013
11	DAVIS	December 31, 2010	49	VOEGELI	January 1, 2013
12	DETJENS	December 31, 2010	50	BEEBE	February 1, 2013
13	FRYDENDAL-MERV	December 31, 2010	51	WISNER	March 1, 2013
14	GALLES	December 31, 2010	52	CAROLINE	June 1, 2013
15	GREIST	December 31, 2010	53	KIRKEWOOG	June 1, 2013
16	HEINEMAN	December 31, 2010	54	RODRIGUE	June 1, 2013
17	IBSEN	December 31, 2010	55	SIGNATURE - CLAMP	February 15, 2014
18	IRWIN	December 31, 2010	56	BRYSON	January 1, 2015
19	KALTHOFF	December 31, 2010	57	CLARK	January 1, 2015
*20	LIVERMORE	December 31, 2010	58	MEEKER	March 1, 2015
21	LYNCH	December 31, 2010	59	SHEARER	March 1, 2015
22	McGRAIL	December 31, 2010	60	CAIRES	April 1, 2015
23	MILLER	December 31, 2010	61	HARRIS	April 1, 2015
24	NISSEN-LAIDLEY	December 31, 2010	62	MALAKOFF	April 1, 2015
*25	NORMAN	December 31, 2010	63	SCARLET BEAR 2	January 1, 2016
26	OTT	December 31, 2010	64	RUPPERT	April 18, 2016
27	POPPY RIDGE	December 31, 2010	65	KURTZER	July 18, 2016
28	RIOS	December 31, 2010	66	ALAMEDA CO	February 17, 2020
29	SCARLET BEAR	December 31, 2010	67	LARPD	March 14, 2020
30	SCOTT	December 31, 2010	68	RIOS 2	June 1, 2020
31	SHANNON	December 31, 2010	69	LUNN	November 22, 2020
*32	SIGNATURE - RUBY HILL	December 31, 2010	70	PEREIRA	November 30, 2020
33	SMITH	December 31, 2010	71	PERRY	January 25, 2021
34	STRATMAN	December 31, 2010	72	MORGAN	August 8, 2023
35	TAYLOR	December 31, 2010			
36	TOY	December 31, 2010			
37	VOLKMAN	December 31, 2010			
*38	WENTE	December 31, 2010			

* Denotes turnout contractor

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

INTRODUCED BY
SECONDED BY

WHEREAS, Zone 7 currently has 72 separate untreated water contracts, each with varying expiration dates and 40 of which are either expired or scheduled to expire on December 31, 2010; and

WHEREAS, of the 72 untreated water contracts, Zone 7 only directly invoices seven turnout customers who in turn, invoice the remaining 65 remote customers; and

WHEREAS, Zone 7 staff seeks to reorganize the program to accurately reflect its relationship with the untreated customers;

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 amend untreated water contracts that have or are about to expire, to extend the term until December 31, 2011;

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 re-initiate discussions with the untreated water contractors to reorganize Zone 7's untreated water program to accurately represent the corresponding business relationships.

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 17, 2010

____
President, Board of Directors

11a

11/ 17 /10 Board Written/narrative Comments By Dick Quigley

From: rlquig1@comcast.net
Subject: Re: Zone 7 Water Agency ESA Resolution
Date: November 4, 2010 4:00:08 PM PDT
To: jduerig@zone7water.com
Cc: bbrewer@zone7water.com, MarciaW@acwa.com, jillduerig@hotmail.com, jrector@zone7water.com, palmerdive@comcast.net, rnosky@DowneyBrand.com, mecinoid@comcast.net

Jill
It is my recommendation that we agendize for Nov 17 board meeting.
There was a heads up to the Board given, as you recall at the Oct Board meeting!
Thanks!
DQ

On Nov 4, 2010, at 11:34 AM, Marcia Wulff wrote:

Hi all,

As you know, a diverse group of ACWA members, led by ACWA Vice President Randy Record, spent six months crafting a unified statement on the ESA implementation issues and producing a set of policy principles (attached).
The principles call for a comprehensive, ecosystem-based approach to implementing both the state and federal ESA. On July 30, the ACWA Board of Directors approved these principles unanimously, and now ACWA is asking your agency to show its support by formally endorsing them at this critical time.

A sample resolution is attached for your agency to use to state your support for this set of policy principles that encourages the state and federal agencies to develop comprehensive strategies that also consider economic and social stability.

We've asked for the resolutions to be submitted to ACWA by November 5, but we understand that the Zone 7 Board will not meet until November 18. If your board will be taking up a resolution at that time, please let me know.

Thanks for your help.

Marcia

Marcia Wulff
Regional Affairs Representative
Association of California Water Agencies - **916-441-4545**
marciaw@acwa.com

From: rlquig1@comcast.net
Subject: **Funding Criteria for the Bureau of Reclamation's Title XVI Recycling and Reuse Program**
Date: October 26, 2010 6:58:28 PM PDT
To: jduerig@zone7water.com
Cc: jrector@zone7water.com, karends@zone7water.com, palmerdive@comcast.net

FYI
I received the following from the US Dept. of Interior. I have been receiving regular updates since visiting Congressman Garemendi's office last February with Kurt, and regional staffers at the B of R since.

United States Department of the Interior

BUREAU OF RECLAMATION
P.O. Box 25007
Denver, Colorado 80225-0007

OCT 18 2010

IN REPLY REFER TO
84-51000
ADM-13.00

VIA U.S. MAIL

Subject: Funding Criteria for the Bureau of Reclamation's Title XVI Water Recycling and Reuse (Title XVI) Program

Dear Title XVI Project Sponsor or Other Interested Party:

The Bureau of Reclamation has finalized funding criteria for the Title XVI Program. Attached is a copy of the criteria, which will be used as part of two new fiscal year (FY) 2011 funding opportunity announcements. The criteria are intended to identify projects that most effectively stretch limited water supplies and meet other program priorities. Title XVI is an important part of the Department of the Interior's WaterSMART Program, which is working to achieve a sustainable water strategy to address the Nation's water needs.

Earlier this year, Reclamation made draft criteria available for public comment. A compilation of the comments received and a comparison of the draft and final criteria are available at http://www.usbr.gov/WaterSMART/title.html. This fall, two Title XVI funding opportunities will be posted at www.grants.gov. One opportunity will be open for construction of Congressionally-authorized Title XVI projects. Another funding opportunity will provide cost-shared assistance for the development of feasibility studies under the program.

To be notified of these planned funding opportunities and other Title XVI program announcements, please join our email list by sending a blank message to join-titlexvi@listserver.usbr.gov. If you have any questions regarding planned Title XVI funding opportunities, please contact Mr. Dean Marrone at 303-445-3577 or dmarrone@usbr.gov.

Sincerely,

Roseann Gonzales
Director, Policy and Administration

Enclosure

Attached was an 8 page program funding criteria guide that may present opportunity for Zone 7 and the Tri Valley.
Title XVI is budgeted for by Reclamation's regional offices and includes funding for planning studies and the construction of water recycling projects, on a project specific basis, in partnership with local governmental entities.

There may be large dollar completive grants and Zone 7 alone may point qualify, and with partner's it may be easier.

The 8 page funding criteria can be found at the following link. If you cant open, I have a hard copy.

WaterSMART Program?
WaterSMART Grants, Basin Studies, Title XVI, LCCs

DQ

WaterSMART (*Sustain and Manage America's Resources for Tomorrow*)

The Nation faces an increasing set of water resource challenges. Aging infrastructure, rapid population growth, depletion of groundwater resources, impaired water quality associated with particular land uses and land covers, water needed for human and environmental uses, and climate variability and change all play a role in determining the amount of fresh water available at any given place and time. Water shortage and water-use conflicts have become more commonplace in many areas of the United States, even in normal water years. As competition for water resources grows – for irrigation of crops, growing cities and communities, energy production, and the environment – the need for information and tools to aid water resource managers also grows. Water issues and challenges are increasing across the Nation but particularly in the West and Southeast due to prolonged drought.
These water issues are exacerbating the challenges facing traditional water management approaches which by themselves no longer meet today's needs. The Department's WaterSMART program is working to achieve a sustainable water strategy to meet the Nation's water needs.

NEW! Reclamation has published funding criteria for the Title XVI program. More...

The Bureau of Reclamation announces the availability of three WaterSMART Funding Opportunity Announcements: System Optimization Review Grants; Advanced Water Treatment Pilot and Demonstration Project Grants; and Research Grants to Develop Climate Analysis Tools. The Funding Opportunities are available online at http://www.grants.gov. Full Press Release

From: rlquig1@comcast.net
Subject: **Largest solar energy 'fast track' project with environmental checks and balances, ever to be built on U.S. public lands.**
Date: October 26, 2010 5:30:02 PM PDT
To: jduerig@zone7water.com, lonwhouse@waterandenergyconsulting.com, markr@acwa.com, ScottH@acwa.com, rnosky@DowneyBrand.com

Cc: mecinoid@comcast.net, Christopher.M.Moore@comcast.net

WASHINGTON, DC – The U.S. Department of the Interior today approved the largest solar energy project ever to be built on U.S. public lands. When constructed, the Blythe Solar Power Project will produce up to 1,000 megawatts of solar power, or enough to power 300,000 – 750,000 homes. The project, proposed by Palo Verde Solar I, a subsidiary of Solar Millennium, LLC, will cover 7,025 acres of public lands eight miles west of Blythe in Riverside County, California. It is expected to create 1,066 jobs at the peak of construction and 295 permanent jobs.

"The Blythe Solar Power Project is a major milestone in our nation's renewable energy economy and shows that the United States intends to compete and lead in the technologies of the future." Secretary Ken Salazar said in signing the Record of Decision. "This project shows in a real way how harnessing our own renewable resources can create good jobs here at home."

Washington DC ACWA conference in Jan/Feb 2011 is something I would like to again attend and represent ZONE 7 Board. The last week elections suggest it is important!

Would also like to suggest consideration be given for a Directors travel budget as other districts do.

From: rlquig1@comcast.net
Subject: **Fwd: LAVWMA Energy Policy (2005)**
Date: October 22, 2010 5:49:42 PM PDT
To: jduerig@zone7water.com
Cc: Christopher.M.Moore@comcast.net, mecinoid@comcast.net, rnosky@DowneyBrand.com, jyue@zone7water.com, cmorrison@morrisonassociates.com, jrector@zone7water.com

Hi Jill

I don't believe we ever adopted an energy policy.
Am I correct?
As we complete our strategic plan I believe it would be a good idea to consider!
Thanks.
DQ

Begin forwarded message:
From: "Duerig, Jill" <jduerig@zone7water.com>
Date: December 20, 2007 8:00:43 AM PST
To: 'Dick Quigley' <rlquig1@comcast.net>, "'JIM483@aol.com'" <JIM483@aol.com>
Cc: 'Sarah Palmer' <palmerdive@comcast.net>, 'Sarah Palmer' <palmer.sarahl@gmail.com>, "'bstevens@berlogar.com'" <bstevens@berlogar.com>, 'James Concannon' <jamesconcannon@comcast.net>, "Morse, Barbara"

<Barbara@zone7water.com>, "Arends, Kurt" <karends@zone7water.com>, "Nemeth, Karla" <knemeth@zone7water.com>

Subject: LAVWMA Energy Policy (2005)

Bert provided this too late for me to include in last night's package but thought you might find it interesting for future discussions should we decide an energy policy is worth pursuing. Although it is broad, I think it succeeds as a policy in that it establishes a framework which sets direction for staff.
cc (fax): Steve Kalthoff & John Greci

Subject: U.S. Conference of Mayors meeting in Pleasanton-"Nature is the infrastructure of our communities." Robert F. Kennedy, Jr.(Speaker)

FYI
Bolding and underlining is mine.
Thanks Jennifer and congratulations!
DQ

RFK Jr. Sees Nature As Infrastructure X Livermore Independent
By Ron McNicoll

"Nature is the infrastructure of our communities," Robert F. Kennedy, Jr., told a U.S. Conference of Mayors meeting in Pleasanton.

The son of the late attorney general Robert F. Kennedy and nephew of President John F. Kennedy spoke Oct. 14 at the CarrAmerica Center to kick off a **two-day regional meeting by the Water Council of the mayors conference.**

Pleasanton Mayor Jennifer Hosterman is co-chair of the Water Council. She arranged the Pleasanton venue for the meeting and invited Kennedy.

Kennedy propelled the Riverkeepers organization in New York to prominence in both publicity and legal representation in its efforts over the past three decades to clean up the devastating impact of pollution on the Hudson River.

Although the gathering heard mostly from panels of experts concerning water problems in Northern California, **Kennedy's message centered on how important it is to convert to solar and wind energy** to get rid of carbon pollution, **and its heavy impact on water purity throughout the nation.**

Industrial pollution was destroying the livelihood of commercial fishermen on the Hudson River. Some families had worked in that occupation and place dating back 350 years to Dutch colonial times. Fighting to save their livelihoods, the families and Kennedy understood very clearly that "nature is our infrastructure," said Kennedy.
Accustomed to vacations in New York's Adirondak Mountains, Kennedy said that 20 percent of the lakes in a major park there have become sterilized by acid rain.

Mercury levels in fish, caused by direct coal oil pollution in streams, has become a human health problem. Kennedy himself, a fisherman, said that his mercury level as measured by doctors is 10 times above the recommended health ceiling.

"A woman with my levels would have permanent neurological damage in her baby. The child would lose from 5 to 7 IQ points," said Kennedy.

Oil and coal continue to fight against such laws as California's AB 32, which puts limits on carbon emissions. The battle to suspend AB 32 until California's unemployment rate drops to 5.5 percent for one year is in Proposition 23. Its campaign bills are being paid mainly by oil companies.
Coal and oil industries continue to reap immense subsidies. They receive $1.3 trillion in government subsidies, said Kennedy.

The argument from the oil companies and others who oppose cap and trade policies to reduce carbon emissions is that the economy would crater, especially now that the economy is slow, said Kennedy.

The opposite is true, Kennedy argued. He cited Britain's debate concerning outlawing slavery in 1792. The argument then was that getting rid of the slave trade would ruin the British economy, because it made up 25 percent of the British gross domestic product.
Ending the slave trade was debated for one year. It passed, backed by the argument that morally it was the right thing to do. Instead of collapsing, the British economy grew enormously.

All of the cheap labor provided by slaves suddenly was being done by machines, because society had to turn to machines to produce goods cheaply. There was much research to bring about what became known as the Industrial Revolution.

Today, there is a great deal of research in wind and solar. **It's time to push the American economy ahead by similar leaps and bounds, said Kennedy.**

"There is enough wind farm potential in Texas, North Dakota and Kansas to supply energy for the entire United States three times over, even if every American drives an electric car," he said.

There is enough sunshine on a patch 75 miles by 75 miles in the Southwest desert to supply the nation with all the electricity it needs.

However, the **United States must** upgrade its antiquated power transmission lines. It would be a big financial undertaking. **"We need to do what President Eisenhower did with the freeway system. He built it to improve both defense and prosperity."**
Building those power lines and promoting clean energy would pay off in prosperity.

It would amount to "a permanent tax cut for American business." It would enable everyone to be a small entrepreneur by selling power back to the grid, once state laws allow it beyond a zero account balance with the power companies.

The results of a big push for clean energy would also be important for defense. He commented, "We fund both sides in the war against terror by buying oil."

If the United States retreats in the drive for clean energy, the Chinese, who are rapidly developing wind and solar, will be really happy, said Kennedy. "It will enable them to take business away from the U.S. by selling products for wind and solar they manufacture back to the U.S."

"Some 85 percent of the U.S. plants making solar and wind components will be bankrupt (if America retreats on carbon limits, and does not make a big push into clean energy)."

"China floods the U.S. with solar panels. The Chinese understand there are 3000 new jobs, and 2600 of them are Chinese. **We need to look forward, as China did."**

Making the Connection: The Water/Energy Nexus X Western Water Magazine
by Gary Pitzer

Introduction

The connection between water and energy is more relevant than ever. After existing in separate realms for years, the maxim that it takes water to produce energy and energy to produce water has prompted a re-thinking of management strategies, including an emphasis on renewable energy use by water agencies.

Using groundwater has always been essential in the arid West. Now groundwater banking is being promoted as the way to stabilize California's water supply without the challenges associated with surface storage.

Across the West, investment in renewable energy projects like wind and solar is moving forward at an unprecedented rate as agencies face rising power costs and the need to trim budgets. The Metropolitan Water District of Southern California (MWD), the nation's largest water supplier, is embarking on a slew of projects aimed at counteracting an expected five-fold increase in electricity costs to move water.

"As one of the larger energy users in the state, we have an obligation to pursue policies that are consistent with the district's goals to balance long-term reliability and control costs, with the added benefit of reducing greenhouse gas emissions," MWD Chairman Timothy Brick said after the district adopted its energy management policies Aug. 17.

In a noteworthy report in 2005, the California Energy Commission (CEC) said that "if not coordinated and properly managed on a statewide basis, water-related electricity demand could ultimately affect the reliability of the electric system during peak load periods when reserve margins are low." The report concluded that "more efficient water usage, coupled with energy efficiency improvements in the water infrastructure itself, could reduce electricity demand in this sector."

Since the report's publication, experts have further scrutinized the energy needs associated with water and the potential for savings from water conservation and water efficient appliances.

MWD and other agencies are investing substantial resources in renewable energy projects to gain a degree of self-sufficiency and to reduce GHG. In MWD's case, the move reflects the expiration of its Hoover Dam power contract in 2017 and the projected reduction in Colorado River hydropower supply. Producing and using power accounts for more than 25 percent of the district's $870 million operations budget in 2010-2011.
Districts investing in solar and wind power take advantage of the fact that many have available land on which to build generation facilities. Wastewater agencies are incorporating on-site

renewable generation (using mostly solar and biogas) as a means to offset their own electricity consumption, and in the case of biogas, sell it.

"We have the resources and a staff capable of installing and operating renewable power," said Martha Davis, executive manager of policy development at the Inland Empire Utilities Agency. Inland Empire, which provides regional wastewater service and imported water deliveries to eight contracting agencies, has solar and wind projects and is pursuing a goal of being 100 percent powered by renewable energy by 2020. "We are at 50 percent now," Davis said.

The nation's largest municipal utility, the Los Angeles Department of Water and Power (LADWP) expects to have 20 percent of its power needs met by renewable energy by the end of the year. LADWP's long-range power plan will address renewable its energy strategy and the LADWP energy efficiency program. "This process is all about getting feedback from our customers to help shape the city's energy future," said Aram Benyamin, senior assistant general manager for the department's Power System.

Water agencies are finding that cutting energy costs makes good business sense. "I think they see rising energy costs as the big elephant in the room they have to address," said Scott Hernandez, energy/climate change specialist with the Association of California Water Agencies (ACWA). To hedge against that inflation, more agencies are investing in renewable energy projects.

"Most water agencies tend to have both lands that are suitable for renewable energy, especially solar, and are in close proximity to transmission lines," Hernandez said. "This allows agencies to maximize their production of renewable energy beyond their own needs and sell the excess back to the utilities for the broader public benefit."

Reducing GHG emissions through better use of water helps the state meet the legislative mandate of bringing emissions to 1990 levels by 2020. "Water use requires significant amounts of energy," says the scoping plan for AB 32, the landmark GHG emissions law enacted in 2006.

"Although state, federal and local water projects have allowed the state to grow and meet its water demands, greenhouse gas emissions can be reduced if we can move, treat and use water more efficiently."

The push for a coordinated water and energy policy is tied closely with climate change adaptation; advocates of clean energy technologies say the pursuit of less harmful energy production benefits the West's vulnerable water supply. According to a July report by Western Resource Advocates and the Environmental Defense Fund called *Protecting the Lifeline of the West: How Climate and Clean Energy Policies Can Safeguard Water*, power plants in Arizona, Colorado, New Mexico, Nevada and Utah consume enough water to meet the combined demands of Denver, Phoenix and Albuquerque.

"Western water utilities play an important role in reducing energy use and greenhouse gas emissions, by adopting robust conservation programs and avoiding energy-intensive new water supplies," the report says. "Many western water utilities have already made demonstrable progress. In 2008 alone, conservation programs adopted by the Albuquerque Bernalillo County Water Utility Authority saved over 19 billion gallons of water and an estimated 138,000 megawatt-hours (MWh) of electricity."

California agency personnel studying the issue say it is beyond question that more efficient use of water directly correlates to less energy used.

"When discussing potable supplies, it is still the case that the single best way to reduce the energy intensity in water is water conservation," said Cindy Truelove, senior policy analyst for water issues with the California Public Utilities Commission (PUC). "One of the best ways to conserve water is to use every drop as many times as we can."

The PUC, which regulates privately owned electric, natural gas, and water utilities, recently concluded "there is sufficient basis for determining that the amount of energy used by the supply and conveyance segment of the water use cycle is likely higher than the amount originally estimated by the Energy Commission in 2005. The primary source of the difference is likely attributable to groundwater energy."

Experts say if the energy-water nexus is to be balanced, water must be optimally managed with carbon emissions.

"There will be a significant need for more water to provide energy for the 9 billion people who will be on the planet in 2050," said Jan Dell, vice president of the energy division at CH2M HILL in Santa Ana. "Increasingly, water availability is becoming a critical factor in energy production operations and development plans and is anticipated to influence long-term profitability in the energy sector."

The last few years have seen several high-profile meetings in which experts on water and power have shared knowledge in an effort to bridge the gap between the two resources. At a March 2010 meeting in San Francisco organized by the Carpe Diem Western Water and Climate Change Project, participants noted the existing discrepancy between the water and energy sectors.

"The energy efficiency world has had two decades to develop both technically and politically and is far ahead of the water-efficiency community," a summary of the proceedings says. "There are not enough people working on water-energy issues from the water perspective, either in science or in policy."

In July, the Water Research Foundation sponsored the first Water and Energy Sustainability Summit in Los Angeles to talk about solutions to avoid a statewide water-energy crisis.

"It's a critical issue," said Robert C. Renner, executive director of the Foundation. "The more water we use, the more energy is required. It's a symbiotic relationship. But finite supplies of water and energy, greenhouse gas emissions and economic consequences drive the need to determine how to balance the water-energy relationship to avoid a future crisis."

This issue of *Western Water* looks at the energy requirements associated with water use and the means by which state and local agencies are working to increase their knowledge and improve the management of both resources.

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

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

Thanks!
Dick Quigley

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: November 17, 2010 **ITEM NO.**

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 GM contracts executed during the month.

Engineering and Flood Control:

- The Mocho Groundwater Demineralization Plant (MGDP) brine line failed on October 2nd and was repaired quickly, allowing the MGDP to be placed back in service after only a few days. Slope repairs were completed within the permitted timeframe for work in flood control channels (i.e., by October 15th). Investigations suggest that the leak was due to movement of an unrestrained mechanical joint installed by the MGDP contractor where the contract drawings had instead called for a restrained mechanical joint. Staff sent a letter to the contractor putting them on notice that apparent liability for the failure resides with them.

- The majority of the work has been completed on the Del Valle Branch Pipeline repair. DWR is cleaning up the site and should be demobilizing by the end of November. DWR is also in the process of negotiating various damage clams with Wente. The total repair cost (including settlement of damage claims) is estimated to be around $15 to $16 million, well behind the original schedule and over double the original budget.

- Work has begun on the monitoring well construction that is being conducted with Local Groundwater Assistance Program grant funding. Drilling was completed in October. Very little clay was encountered in the first 375 feet. DWR's grant management team also visited the site to confirm that work is proceeding.

- Staff continue to work with Vulcan to develop a plan for minimizing lost water flows. Vulcan continues to discharge to Arroyo Mocho at a rate of about 13 to 16 cubic feet per second (around 5 million gallons a day or around 30 acre feet per day), which is largely groundwater lost from the Main Groundwater Basin.

- As DWR prepares for its 8-week aqueduct shutdown (during which time Lake Del Valle will serve as the sole source for State Project water), East Bay Regional Park District is also making preparations for the anticipated drop in lake level.

- Staff met with DWR to go over the preliminary draft of Zone 7's 2010 Urban Water Management Plan (UWMP) and received comments. Those comments will be addressed before release of the public review draft, anticipated in November.

Environmental & External Affairs:

- On October 25th, the City of Sacramento had a 10 million gallon wastewater spill and failed to notify state and federal contractors for several days. Staff are working with other interested parties to improve the City's notification procedures in case of future spills.

- Zone 7 staff submitted a letter to the Central Valley Regional Board supporting Regional Board staff's proposed permit conditions for Sacramento Regional County Sanitation District to limit discharges of ammonia to the lower Sacramento River since ammonia discharges appear to be one of the "other stressors" negatively impacting the Delta's ecosystem.

- Zone 7 is supporting DWR's public outreach efforts in connection with planned temporary road closures next summer related to the South Bay Aqueduct Improvement & Enlargement Project. DWR plans two separate one-week road closures: (1) Patterson Pass Road from Greenville Road east to South Flynn Road - closed to through-traffic from June 14 to 20, 2011; and (2) Tesla Road from South Vasco Road east to Greenville - closed to through-traffic from June 22 to 28, 2011.

Operations and Maintenance:

- The City of Livermore received several late-season earthy/musty complaints related to algae. DWR conducted one last copper sulfate treatment of the South Bay Aqueduct to control these algae. Feed of Powdered Activated Carbon (PAC) to treat algal taste and odors continued throughout October at Patterson Pass Water Treatment Plant (PPWTP) and PAC feed was continued through October 18th at the Del Valle Water Treatment Plant (DVWTP).

- DVWTP's Dissolved Air Flotation (DAF) system is on line, testing the alternative coagulant, aluminum sulfate (alum). Preliminary results suggest that the alum, like ferric chloride, does not perform well at higher turbidities in the DAF units, even when coagulant aids are used.

- Conversion to the new Computerized Maintenance Management System (CMMS) is well underway. The system is online and staff are being encouraged to use the system to improve maintenance resource scheduling and efficiency.

Finance & Administration

- Staff attended the American Water Works Association technical conference that was held in Sacramento early in October. Two Zone 7 presenters were on the agenda – Colter Andersen of Operations participated in a panel discussion on succession planning for the industry and Brad Ledesma of Engineering gave a presentation on risk modeling for water supply planning.

- Staff conducted an emergency preparedness tabletop exercise on the day of the California Great Shakeout, October 21st. The exercise went well and new Emergency Operations Center (EOC) staff members were introduced to the Incident Command system as well as Zone 7 specifics.

Monthly List of GM Contracts

October 2010

Contracts:

Livermore Auto Group	$ 25,000
Mathis Consulting Group	7,500
Global Sun Landscape	25,000
Urban Creeks Council	44,000
RGM and Associates	5,400
John Ford & Associates	5,000
Varian, Inc.	41,600
Management Partners	45,000
Total October 2010	**$198,500**

ORIGINATING SECTION: OFFICE OF THE GENERAL MANAGER
CONTACT: BONI BREWER

AGENDA DATE: November 17, 2010 ITEM NO.

SUBJECT: Recent/Current Public Outreach Activities

Recent Public Outreach Activities

Pleasanton Green Scene, Oct. 21
Zone 7 shared a booth with the City of Pleasanton at this event held at the CarrAmerica Conference Center, designed to promote going "green," and healthy living, to Hacienda Business Park's 17,000-plus employees and residents, and to the public at-large. The booth had many visitors, and we distributed information on such things as water conservation and storm-water pollution prevention.

Water Conservation Postcard
As we've been doing each Fall around the time when the clocks are turned back, Zone 7 mailed out postcards to single-family households within its service area reminding residents to turn down -- or turn off altogether -- their sprinklers during the rainy season to help save water. These cards, which provide additional outdoor water-efficiency tips and promote rebates for high-efficiency toilets and clothes washers, were slated to arrive in mailboxes the week of Nov. 9. In addition, we have prepared a special mailing of the cards to landscaping and property management companies.

Current Public Outreach Activities

Urban Water Management Plan Public Review
Advertisements were placed in the Valley's two daily newspapers on Nov. 8 and 15 providing notice of a public hearing and a public review period for our draft Urban Water Management Plan. A new UWMP is required every five years under the California Water Code. Basically, a UWMP analyzes and plans for a reliable water supply over a 20-year planning horizon considering normal, dry and multiple dry years. The newspaper ads note copies of the draft are available for review at Zone 7 offices, on the website, and at local libraries. The public hearing is planned for the Zone 7 regular board meeting on Dec. 15.

ORIGINATING SECTION: Administration
CONTACT: Jill Duerig/Tim Hunt

AGENDA DATE: November 17, 2010 ITEM NO.

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 and other matters of statewide political interest.

- Governor-elect Jerry Brown went to Sacramento for meetings two days after he won the election. In statements, he said his focus will be on the budget. The shortfall is estimated at between $12 billion and $15 billion. Brown will be sworn in as governor on January 3rd and must present a budget for the next fiscal year by January 10th. He also said that he will retain the current agency and department heads so he can evaluate them before making any decisions about changes. This could allow effective coordination and perhaps sustained leadership on water issues.

- The legislature will meet on December 6th to swear in newly elected members. Little legislative business is expected to take place until lawmakers come back January 3rd.

- With the legislature in transition, there will be no legislative updates for the next two months.

- The overwhelming rejection of Prop. 23, which would have suspended the state's global warming act (AB32) could result in more aggressive regulation to limit or eliminate greenhouse gases from both responsible agencies and the AG's office.

- This election should be the last with the gerrymandered districts that were drawn after the 2000 census. The 2012 districts will be drawn by the non-partisan commission. Voters approved Proposition 20 to expand the commission's authority to include congressional districts. Zone 7's service area currently is represented by three state Senators, three members of the Assembly and two members of Congress. The hope is for more geographically compact districts that will allow members to focus more on Zone 7's constituents as a major component of their districts instead of an after-thought.

RECOMMENDED ACTION: Information only

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig/John Yue/Tom Hughes

AGENDA DATE: November 17, 2010 **ITEM NO.**

SUBJECT: STATUS REPORT ON SEPARATION EFFORTS

SUMMARY:

Business Administration:

- The monthly meeting with Management Partners was held on October 20th. Staff reviewed, commented and updated the preliminary draft of the critical path roadmap of separation tasks. The information was then shared with labor at the October 27th Joint Labor Management Team (LMT).

- As a follow up to the September meeting with Susan Muranishi and other County staff, a cover letter, along with a copy of the roadmap (showing the timeline and critical path components of a separation plan) was sent to the County Administrator requesting another meeting.

- A GM contract was finalized for interim staffing in support of the transition plan and General Ledger software conversion. Ray Durant, Management Partners, started on October 25th and will be at the North Canyons office two to three days a week. In addressing the software conversion needs, Ray has outlined the critical steps and a list of major considerations for discussion November 9th with staff.

- The next regularly scheduled meeting with Management Partners is on November 15th.

Employee Services:

- Held monthly Joint Labor Management Team (LMT) separation group meeting October 27, 2010 (attached draft minutes were distributed to all employees). The team discussed management's proposed transition agreement; with this discussion, negotiations are formally beginning and notes will no longer be circulated. Future information will only be available through designated negotiators.

- The next joint transition negotiations meeting is scheduled for Wednesday, December 1, 2010 at 1:30 p.m.

- Staff has set up a meeting with the County HR Director for December 9, 2010 to discuss items related to the separation road map.

ORIGINATING SECTION: FINANCIAL AND SYSTEMS SERVICES
CONTACT: JAVIA GREEN

AGENDA DATE: November 17, 2010 ITEM NO.

SUBJECT: CAPITAL IMPROVEMENT PROGRAM UPDATE

SUMMARY:

- With the adoption of the FY 10/11 Ten-Year Capital Improvement Program (CIP) in October 2009, the Board resolved that the CIP shall be updated and adopted on a biannual basis, rather than annually, to improve staff work efficiency.
- Staff noted that in the second of the biannual years, an annual Executive Summary will be completed to include project updates and adjustments as necessary along with a financial summary of capital funds.
- Staff has prepared the attached summary report, which includes a list of major projects completed in FY 09/10, projects underway in FY 10/11 and cash flow projections for the Renewal/Replacement and System-Wide Improvements Fund (72) and the Expansion Fund (73) over the next five years.

FUNDING:

The Water System CIP is funded by Fund 72 – Renewal/Replacement and System-Wide Improvements (Water Rates), and Fund 73 – Expansion (Connection Fees). The Flood Protection CIP is funded by Fund 76 – Flood Protection and Storm Water Drainage Fund (Development Impact Fees).

RECOMMENDED ACTION:

Information only.

ATTACHMENT:

- Memo Providing Additional Background and Discussion on Agenda Item

Interoffice Memo

Date: November 17, 2010
To: Jill Duerig, General Manager
From: JaVia Green, Staff Analyst
Subject: CIP Update

DISCUSSION:
With the adoption of the CIP in October 2009, the Board resolved that the CIP shall be updated and adopted on a biannual basis, rather than annually, primarily to save staff time and resources associated with developing the document. Staff noted that in the second of the biannual years, an annual Executive Summary will be completed to include project updates and adjustments as necessary along with a financial summary of capital funds. Accordingly staff has prepared this summary report, which includes a list of major projects completed in FY 09/10, projects underway in FY 10/11 and cash flow projections for the Renewal/Replacement, System-Wide Improvements Fund (Fund 72) and the Expansion Fund (Fund 73) over the next five years.

GENERAL:
In FY 09/10, several of the multi-year projects that had been planned in the CIP were completed and began operation. This includes the Mocho Groundwater Demineralization Facility at a final cost of $34.6 million (M) (funded 50% by Fund 72 and 50% Fund 73). In addition, the Altamont Pipeline, Livermore Reach became operational as of August 2009 at a cost of $31.9M (funded 100% by Fund 73). The El Charro Pipeline and two new wells in the Chain of Lakes area joined the distribution system in May 2010 at a cost of $18.4M (funded 100% by Fund 73).

FUND 72 - RENEWAL/REPLACEMENT, SYSTEM-WIDE IMPROVEMENTS:
In FY 09/10, other major projects completed within the Renewal/Replacement, System-Wide Improvements Fund include:

- Upgrading of the PPWTP ammoniation process from a pressurized to a vacuum system
- Exterior recoating of the 3 and 4.5 million gallon clearwells at DVWTP
- Replacement of sodium hypochlorite tanks at PPWTP and DVWTP
- Upgrading the entire DVWTP electrical system
- Replacement of a number of filter valves at DVWTP
- Enhancements to the SCADA system
- Various small improvement projects at PPWTP and DVWTP

Shown below is a table detailing all FY 09/10 expenditures in Fund 72:

72 CAPIMPROVE/REPLACE FUND					Fiscal yearthru period ending 06/30/2010
	Fiscal Year	End of Year	End of Year	Transaction	Budget
Description	Adj. Budget	Encumbrance	Actual	Total	Remaining
53040 NEW SMP MONITORING WELLS	224,917.00	0.00	118,469.23	118,469.23	106,448.00
53047 AERIAL PHOTO LVRMR(7% f 52910)	15,000.00	0.00	0.00	0.00	15,000.00
53054 SYCAMORE GRVE JNT PROJ W LARPD	5,569.00	0.00	5,568.78	5,568.78	1.00
53058 MOCHO GRNDWTR DEMIN (50%-52915	2,256,784.00	51,236.10	801,375.19	852,611.29	1,404,173.00
53062 SECURITY SYSTEMS-EXISTING FAC	469,560.00	117,012.73	32,851.05	149,863.78	319,697.00
53069 WTR QUAL MGMT IP(75%-52917)	82,500.00	0.00	9,809.71	9,809.71	72,691.00
53080 DV/PPWTP TASTE & ODOR TREATMNT	118,831.00	0.00	41,848.73	41,848.73	76,983.00
53082 PPWTP IMPRV PRJ(64% fr 52919)	338,656.00	0.00	312,281.32	312,281.32	26,375.00
53085 POWER PURCHASE AGREEMENT	122,928.00	30,481.88	82,000.62	112,482.50	10,446.00
53087 CAMP PRKS P/L (50% FR 52921)	140,315.00	0.00	62,621.21	62,621.21	77,694.00
53088 2009 DVWTP IMPROVEMENTS	400,000.00	1,530.67	117,732.17	119,262.84	280,738.00
53089 SOLIDS HANDLING STUDY	90,910.00	3,000.00	87,899.91	90,899.91	11.00
53090 PPWTP SEWER LINE PROJECT	9,300.00	0.00	9,204.18	9,204.18	96.00
53091 LAND ACQUISITION FROM DWR	3,500.00	0.00	3,465.85	3,465.85	35.00
53092 PORT PILOT SCALE FILTER CONSTR	28,150.00	0.00	5,553.03	5,553.03	22,597.00
53093 B A DESAL PRJ FSBLTY (35% F529	7,000.00	0.00	2,333.45	2,333.45	4,667.00
54022 MONITORING WELL REPLACEMENTS	50,000.00	0.00	1,559.65	1,559.65	48,441.00
54030 STREAM GAGE STA. REPAIR/REPLAC	25,000.00	0.00	19,784.39	19,784.39	5,216.00
54042 LABORATORY EQUIPMENT REPLACMNT	52,000.00	0.00	0.00	0.00	52,000.00
54048 SCADA ENHANCEMENTS PROJECT	789,962.00	0.00	768,062.95	768,062.95	21,900.00
54053 NORTH CANYON'S BUILDING LEASE	493,500.00	0.00	493,491.08	493,491.08	9.00
54064 PP AMMNTN SYS CNVRSN PR -VACM	396,259.00	11,000.00	382,451.26	393,451.26	2,808.00
54066 DV 3 & 4.5 MG CLRWLL RECOAT PR	8,800.00	0.00	8,768.37	8,768.37	32.00
54067 DV & PP NAOCL TANK RENWL/REPL	702,660.00	12,670.00	683,832.34	696,502.34	6,158.00
54069 DV ELECTRICAL POWER SYS UPGRAD	985,049.00	140,195.53	518,083.31	658,278.84	326,771.00
54071 ASSET MNGMNT PRGRM UPDT 09/10	245,490.00	143,000.00	102,438.06	245,438.06	52.00
54072 PPWTP CLARIFIER REHAB PROJECT	1,323,000.00	1,020,627.50	275,726.18	1,296,353.68	26,647.00
54073 DVWTP FILTER VALVES REPLACEMT	486,720.00	31,193.14	126,708.81	157,901.95	328,819.00
54074 DVWTP RECYCLE PUMPS	115,867.00	0.00	83,932.43	83,932.43	31,935.00
54075 HOPYARD PIPELINE REPAIR SEP 09	150,500.00	0.00	150,455.95	150,455.95	45.00
54076 PPWTP WIRING REPAIRS	43,000.00	0.00	42,519.32	42,519.32	481.00
54077 PPWTP ELECTRIC PWR SYS UPGRADE	252,154.00	100,754.17	89,986.24	190,740.41	61,414.00
54078 PS AND DV MAINT SHOP ROOF REPL	30,670.00	0.00	30,660.73	30,660.73	10.00
54079 HOPYARD WELL 6 REHAB	104,913.00	11,409.00	90,002.50	101,411.50	3,502.00
54080 DVWTP DAF SATURATOR TANKS REP	29,640.00	0.00	24,941.91	24,941.91	4,699.00

72 CAPIMPROVE/REPLACE FUND					Fiscal yearthru period ending 06/30/2010
	Fiscal Year	End of Year	End of Year	Transaction	Budget
Description	Adj. Budget	Encumbrance	Actual	Total	Remaining
54501 WATER CONSRV PLN(75% fr 52905)	39,000.00	3,750.00	27,183.29	30,933.29	8,067.00
54503 WATER CONSERV ED(75% fr 52907)	1,300.00	0.00	1,299.68	1,299.68	1.00
54504 WASHER REBATE PG(75% fr 52908)	390,206.00	40,354.50	316,068.99	356,423.49	33,783.00
54505 TOILET REBATE PG(75% fr 52909)	114,783.00	11,372.09	94,902.75	106,274.84	8,509.00
54506 DOUGHERTY VALL FAC USE FEE REF	4,700.00	0.00	4,625.00	4,625.00	75.00
54507 IMPROVE/RENEW-REPLACE PROJ-GEN	149,068.00	0.00	148,815.48	148,815.48	253.00
54508 CIP MGMT (20% FR 52916)	60,000.00	0.00	30,267.11	30,267.11	29,733.00
54509 E ALA CO CONSERV STRATEGY	13,942.00	881.64	2,639.89	3,521.53	10,421.00
54510 COMMERCIAL LANDSCAPE CONSER PG	109,390.00	25,000.00	84,337.97	109,337.97	53.00
54511 2010 WTR SYSTM PLNG-35% F52922	62,898.00	0.00	49,488.10	49,488.10	13,410.00
54512 COMMERCIAL HI EFF TOILET REBAT	52,025.00	150.00	450.00	600.00	51,425.00
54513 COMMERCIAL HI EFF URINAL REBAT	26,025.00	18,500.00	0.00	18,500.00	7,525.00
54514 SCHOOLS IN/OUT SRVY & HRDWR RP	178,250.00	10,905.00	15,920.00	26,825.00	151,425.00
54515 GREENPLUMBERS TRAINING	29,650.00	1,235.76	5,964.24	7,200.00	22,450.00
96072 UNASSIGNED BUDGETED PROJ FD 72	744,808.00	36,302.35	0.00	36,302.35	708,506.00
96172 CONTINGENCY FUNDS FOR FD 72	68,387.00	0.00	0.00	0.00	68,387.00
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Total Expenditure	**12,643,536.00**	**1,822,562.06**	**6,368,382.41**	**8,190,944.47**	**4,452,614.00**
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In the FY 10/11 budget, the following major projects are planned:

- Completion of the Asset Management Program Study - $209,360
- PPWTP Electrical System Upgrade - $800,754
- Replacement of PPWTP UF plant membranes - $390,000
- PPWTP Clarifier Replacement- $1,355,627
- Replacement of roofs at Parkside and Hopyard Well no. 6 - $151,193
- A new sewer system at PPWTP - $775,680
- Participation in the Bay Area Desalination Feasibility Study - $69,983
- Arroyo Del Valle Water Right Permit Extension - $347,000
- Development of a Water System Master Plan - $52,500

Projects planned for FY 11/12 (the second of the biannual CIP adoption period) will be formally presented, approved and appropriated during the FY 11/12 Budget process in early 2011. By summer 2011, the FY 12/13 Ten-Year CIP will be presented to the Board for adoption. Below is the projected five-year cash flow for Fund 72 based on the current CIP:

Fund 72
PRELIMINARY NEAR-TERM FUNDING OUTLOOK
($Millions)

Fiscal year (FY)	09/10	10/11	11/12	12/13	13/14
Beg. Available Fund Balance	**18.09**	**17.74**	**13.27**	**11.42**	**16.00**
Revenue					
Water Rate Contribution	5.31	5.41	5.05	7.31	10.40
Facility Use Fees	0.53	0.74	1.00	1.25	1.25
Interest Income	0.14	0.19	0.17	0.19	0.48
Other Income	0.40				
Total Revenue	6.39	6.34	6.22	8.74	12.13
Expenditures					
R&R Expenditures	4.68	5.51	1.93	1.70	5.01
SWI Expenditures	1.69	4.41	5.01	1.33	2.12
Contingency		0.54	0.75	0.75	0.75
Total Expenditures	6.37	10.45	7.69	3.78	7.89
Fund Balance	***18.10***	***13.64***	***11.80***	***16.39***	***20.24***
Reserved Funds					
Building Sinking Fund	0.36	0.37	0.38	0.39	0.40
75% of Following Years' Contribution	4.06	3.79	5.48	7.80	8.51
Net Estimated Available Fund Balance	***13.68***	***9.48***	***5.94***	***8.20***	***11.34***

The cash flow projection assumptions take into account the 2004 AMP suggested funding ramp up to $10M by 2013. An update to this study is currently underway, which will include a recommended ten-year CIP and funding levels. It is anticipated that the proposed FY 12/13 Ten-Year CIP will include the study recommendations.

FUND 73 – EXPANSION

The Expansion fund is funded by connection fee revenue from new development. Within this fund there are ongoing obligations totaling about $15M annually that Zone 7 is contractually committed to pay. This includes debt service for the SBA Improvement and Enlargement Project, Cawelo Groundwater Banking Program, Fourth Contractor Share of the SBA, and debt service on the Installment Sale Agreement (ISA) with Wells Fargo. In February 2010, Zone 7 drew $30.5M from the $60M ISA with Wells Fargo to fund the Altamont Pipeline, Livermore Reach. Interest only payments are made quarterly while the principal amount will be due at the end of December 2013.

Projects completed within the Expansion Fund in FY 09/10 include:

- Chain of Lakes Wells and El Charro Pipeline
- Altamont Pipeline –Livermore Reach
- Mocho Groundwater Demin Facility (50% paid through the Expansion Fund)

Shown below is a table detailing all FY 09/10 expenditures in Fund 73:

73 CAPEXPAN FUND					
				Fiscal yearthru period ending 06/30/2010	
	Fiscal Year	End of Year	End of Year	Transaction	Budget
Description	Adj. Budget	Encumbrance	Actual	Total	Remaining
51401 DWR -STATE WATER PROJ (160160)	3,256,000.00	0.00	2,402,129.98	2,402,129.98	853,871.00
51408 LHWD - WATER AGREEMENTS	264,000.00	0.00	0.00	0.00	264,000.00
51410 SWSD -WATER STORAGE AGREEMENTS	48,000.00	0.00	0.00	0.00	48,000.00
55000 CONNECTION FEE REFUNDS	52,000.00	0.00	51,441.41	51,441.41	559.00
55001 WATER CONNECTION FEE ADMIN	19,500.00	0.00	19,150.80	19,150.80	350.00
55003 TOILET REBATE PG(25% f52909)	38,263.00	3,790.69	31,634.23	35,424.92	2,839.00
55010 GENERAL PLANNING	120,000.00	0.00	118,127.32	118,127.32	1,873.00
55033 AERIAL PHOTO LVRM(36% f 52910)	15,000.00	0.00	0.00	0.00	15,000.00
55037 SO BAY AQUEDCT ENLRGMNT PH II	7,823,135.00	0.00	7,820,764.64	7,820,764.64	2,371.00
55043 CUWA MEMBERSHIP & TECH STUDIES	60,000.00	0.00	54,000.00	54,000.00	6,000.00
55048 NORTH CANYON'S BUILDING LEASE	383,827.00	0.00	383,826.45	383,826.45	1.00
55050 CIP MGMT (75% FR 52916)	178,000.00	0.00	113,501.63	113,501.63	64,499.00
55052 HABITAT CON-DELTA (50%-55504)	168,782.00	21,523.50	31,291.75	52,815.25	115,967.00
55053 DELTA OUTREACH (50% FR 55505)	15,600.00	3,448.12	12,104.52	15,552.64	48.00
55054 WTR QUAL MGMT IP (25%-52917)	28,000.00	0.00	3,269.90	3,269.90	24,731.00
55056 E ALACO CNSRVTN (80% fr 61904)	111,529.00	7,053.11	21,119.14	28,172.25	83,357.00
55060 2010 WTR SYSTM PLNG-65% F52922	116,812.00	0.00	91,906.45	91,906.45	24,906.00
55106 CAWELO GRNDWATER BANKING PROJ	1,295,000.00	0.00	1,264,531.61	1,264,531.61	30,469.00
55300 WATER CONSRV PLN(25% fr 52905)	13,000.00	1,250.00	9,061.08	10,311.08	2,689.00
55302 WTR CNSRV EDUC MAT(25% f52907)	500.00	0.00	433.22	433.22	67.00
55303 WASHER REBATE PG(25% fr 52908)	130,069.00	13,451.50	105,356.29	118,807.79	11,262.00
55425 MOCHO GRNDWTR DEMIN (50%-52915	2,256,785.00	51,236.17	801,375.18	852,611.35	1,404,174.00
55426 CHAIN OF LAKES WELLS 1 & 2	3,528,281.00	11,494.74	3,299,732.90	3,311,227.64	217,054.00
55427 EL CHARRO PIPELINE I	579,600.00	29,521.72	242,358.65	271,880.37	307,720.00
55428 CAMP PRKS P/L (50% FR 52921)	140,315.00	0.00	62,621.22	62,621.22	77,694.00
55429 CHAIN OF LAKES, WELLS 3, 4 &	406,170.00	6,169.41	933.64	7,103.05	399,067.00
55430 B A DESAL FSBLTY (65%F52923)	13,000.00	0.00	4,333.54	4,333.54	8,667.00
55603 AWTP SITE ACQUISITN/RAW H20 TO	103,938.00	54,028.97	2,322.35	56,351.32	47,587.00
55611 UF PLANT FERRIC CHLOR STORAGE	37,316.00	0.00	37,226.09	37,226.09	90.00
55613 ALTAMONT WTP	199,769.00	120,000.01	79,678.23	199,678.24	91.00
55614 ALTAMONT PIPELINE - LIV REACH	4,578,245.00	604,868.30	3,807,342.93	4,412,211.23	166,034.00
55615 PPWTP IMPRV PRJ(36% fr 52919)	175,755.00	0.00	175,658.18	175,658.18	97.00
55616 ALTAMONT PIPELINE-COUNTY REACH	7,900.00	0.00	7,887.67	7,887.67	13.00
57101 ARROYO MOCHO/LAKE H DIVERSION	52,327.00	23,195.23	29,080.33	52,275.56	52.00
57102 CHAIN OF LAKES FACILITIES & IM	159,684.00	49,681.25	88,035.69	137,716.94	21,968.00
57104 CHAIN OF LAKES MASTER PLAN	15,000.00	0.00	2,109.09	2,109.09	12,891.00
57105 LGA GRANT-HYDRO INVESTN OF COL	22,500.00	0.00	14,200.37	14,200.37	8,300.00
88310 DSRSD TURNOUT NO. 5	1,066.00	0.00	1,065.03	1,065.03	1.00
88314 BDCP COST SHARE	508,697.00	1,048,776.07	6,652.85	1,055,428.92	(546,732.00) *
88315 TECH REVIEW OF BDCP	15,558.00	0.00	9,248.48	9,248.48	6,310.00
96073 UNASSIGNED BUDGETED PROJ FD 73	584,447.00	28,884.01	0.00	28,884.01	555,563.00
96173 CONTINGENCY FUNDS FOR FD 73	0.00	0.00	0.00	0.00	0.00
Total Expenditure	**27,523,370.00**	**2,078,372.80**	**21,205,512.84**	**23,283,885.64**	**4,239,500.00**

*The negative balance represents outstanding contract commitments to SAIC yet to be paid and reimbursed by cost share partners as of 06/30/2010. As of 10/27/10, all contract commitments have been invoiced to cost share partners.

Expansion projects planned in the FY 10/11 budget primarily consists of the fixed-cost expenditures mentioned above; however there are some smaller projects planned which include:

- A hydrostratigraphic investigation of the Chain of Lakes (fully grant funded) - $252,200
- Improvements at Cope Lake to mitigate embankment erosion - $374,680
- A study determining the feasibility of expanding PPWTP - $135,000
- Development of a Water System Master Plan - $97,500

Staff anticipates the FY 12/13 CIP will include the findings from both the PPWTP expansion study and Water System Master Plan.

Below is the projected five-year cash flow for Fund 73:

Fund 73
PRELIMINARY NEAR-TERM FUNDING OUTLOOK
($Millions)

Fiscal year (FY)	09/10	10/11	11/12	12/13	13/14
Beg. Available Fund Balance	**21.21**	**43.42**	**31.70**	**22.20**	**26.38**
Revenue					
Connection Fees	10.51	7.99	12.45	19.77	21.65
ISA Advance/Payments	30.50	0.00	0.00	0.00	-30.50
Other	2.51	1.16	1.38	1.47	1.64
Total Revenue	43.52	9.15	13.82	21.24	-7.22
Expenditures					
Project Expenditures	21.21	20.70	23.13	16.83	15.13
Sinking Funds	0.107	0.180	0.185	0.228	0.234
Total Expenditures	21.31	20.88	23.32	17.06	15.36
Net Estimated Available Fund Balance	***43.42***	***31.70***	***22.20***	***26.38***	***3.80***

FUND 76 - FLOOD PROTECTION AND STORM WATER DRAINAGE DEVELOPMENT IMPACT FEE FUND

The Zone 7 Board of Directors approved the Stream Management Master Plan (SMMP) in August 2006 to help guide future activities that will enhance Zone 7's ability to accept, manage, and control storm water runoff and drainage during large rainfall events. In March 2009, the Board adopted Ordinance 2009-01 to establish the new Development Impact Fee and the Flood Protection and Storm Water Drainage Development Impact Fee Fund (Fund 76) for the purposes of funding future development's share of the SMMP projects.

Zone 7 staff plans to review funding alternatives for the balance of the SMMP; these funding mechanisms could include:

– Proposition 218 Property Owner-Approved Service Charge,
– Proposition 218 Voter-Approved Service Charge,
– Proposition 218 Property Owner-Approved Benefit Assessment,
– Special Taxes (e.g., Ad-Valorem and other taxes), and
– Grant Opportunities

The applicability of each of these funding mechanisms depends on whether they will be used to fund O&M, Capital Improvements, or both, and whether they will generate sufficient funding. This new funding mechanism(s), when combined with revenues put into the Flood Control General Fund (Fund 50) and Fund 76, will complete the financing portfolio necessary to implement the entire SMMP thereby allowing staff to present a formal CIP for the expansion activities associated with providing flood protection to the Livermore-Amador Valley.

Based on input obtained during a series of meetings with the Cities of Dublin, Pleasanton, and Livermore, staff anticipates beginning a collaborative re-evaluation and update of the SMMP proposed projects and the associated program costs in 2012. Staff will continue to evaluate additional funding mechanisms to support and implement the SMMP and therefore, have not projected significant CIP expenditures for future expansion projects over the next five years.

Shown below is a table detailing all FY 09/10 expenditures in Fund 76:

76 FLOOD PROTECTION/DRAINAGE DIF					
			Fiscal yearthru period ending 06/30/2010		
	Fiscal Year	End of Year	End of Year	Transaction	Budget
Description	Adj. Budget	Encumbrance	Actual	Total	Remaining
61000 FLOOD PROTECTION/DIF GEN ADMIN	205,000.00	22,488.66	182,294.42	204,783.08	216.92
61145 STREAMWISE (70% fr 61902)	396,806.00	28,400.70	237,197.11	265,597.81	131,209.00
61146 AERIAL PHOTO LVRM(29% f 52910)	7,500.00	0.00	0.00	0.00	7,500.00
61152 LN G-MOCHO BYPASS @OAKS BUS PK	6,000.00	0.00	5,934.90	5,934.90	66.00
61154 NORTH CANYONS ADMIN/ENG BUILDI	109,665.00	0.00	109,664.65	109,664.65	1.00
61156 CIP MGMT (5% FR 52916)	7,600.00	0.00	7,566.80	7,566.80	34.00
61157 FLOW STUDIES-STEELHEAD RESTOR	83,574.00	31,510.39	16,040.45	47,550.84	36,024.00
61158 E. ALACO CNSRVTN (10% fr 61904	13,942.00	881.64	2,639.89	3,521.53	10,421.00
96076 UNASSIGNED BUDGETED PROJ FD 76	16,031,048.00	0.00	0.00	0.00	16,031,048.00
96176 ADMINISTRATIVE COSTS	0.00	0.00	0.00	0.00	0.00
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Total Expenditure	**16,861,135.00**	**83,281.39**	**561,338.22**	**644,619.61**	**16,216,519.92**
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The following projects are planned in the FY 10/11 Fund 76 budget:

- Arroyo de la Laguna Improvements - $1,325,000
- Channel Restoration at Reaches 1-7 and 8-3 - $412,500
- Update of the Development Impact Fee Program and SMMP/STREAMWISE - $1,005,600 Hydrology and Sediment Studies - $369,000

As there will be a collaborative re-evaluation and update involving the local city agencies of the SMMP proposed projects and the associated program costs in 2012, no five-year cash flow has been prepared. However, available fund balance at the beginning of FY 10/11 is $33.4M and projected to be $29.0M at 6/30/2011. Staff anticipates that the first five years of fee collection under Fund 76 will be used on the top priority project, Phase I improvements in the regional storage/detention system at the Chain of Lakes.

NEXT STEPS:
Staff has begun the process of developing the FY 11/12 Capital Budget which will be presented to the Finance Committee and Board in February 2011 along with the FY 11/12 Operational Budget. Soon after, staff will begin developing the FY 12-13 Ten-Year CIP. There are two major planning efforts underway - the Water System Master Plan and Asset Management Program Update. Both plans will provide a framework for many operational and policy-level decisions, ultimately shaping the scope and timing of current and new CIP projects. Similarly, the re-evaluation and update of the SMMP in 2012 will provide a framework for the Ten-Year Flood Protection CIP.