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

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: **Wednesday, December 21, 2011**

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

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

Any member of the audience desiring to address the Board on an item under discussion may do so upon receiving recognition from the President. After receiving recognition, please step to the podium and state your name and address.

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available at the Zone 7 Administrative Building lot. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the Zone 7 Board Secretary, Judy Rector, at (925) 454-5053 or fax (925) 454-5724. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

A G E N D A

1. Call Meeting to Order
2. Pledge of Allegiance
3. Citizens Forum
   This is an opportunity for members of the 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 November 16, 2011
5. Consent Calendar
   a. Voluntary Resignation
   b. Grant of Easement to DSRSD for Recycled Water Line South San Ramon Creek (Line J), Dublin
   c. Cost Sharing Agreement for Invasive Mussel Inspection Program at Lake Del Valle
   d. Accept Grant of Easement from City of Livermore for the Southern Conveyance Facility (No. 70143)
   e. Annual Report on Collection and Use of Development Fees
6. Staffing Update:
   a. New Employee Introduction
   b. Employee of the Month Recognition
7. Ordinance 2012-01 – Flood Protection and Storm Water Drainage Development Impact Fee

   Recommended action: Hold public hearing; continue to January 18, 2012 for adoption.
8. Patterson Pass Water Treatment Plant Sanitary Sewer Pipeline Project – CEQA Compliance

   Recommended action: Hold public hearing; adopt resolution.

9. Independent Auditor's Report and Annual Financial Statements for Fiscal Year Ending June 30, 2011

Recommended action: Adopt resolution.

10. Committees - Finance Committee, November 28, 2011 – minutes

11. Items for Future Agenda – Directors

12. Reports – Directors

    a. Written report by Director Quigley
    b. Verbal reports

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

    a. General Manager's Report
    b. Recent Public Outreach Activities - none
    c. Legislative Update
    d. Status Report on Separation Efforts
    e. Verbal Reports

14. CLOSED SESSION

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

15. Open Session and Report Out of Closed Session

16. Adjournment

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

    a) Regular Board Meeting: January 18, 2012, 7:00 p.m.

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

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

REGULAR MEETING

November 16, 2011

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

DIRECTORS:	SANDS FIGUERS JOHN GRECI AJ MACHAEVICH CHRISTOPHER MOORE SARAH PALMER RICHARD QUIGLEY
DIRECTORS ABSENT:	BILL STEVENS
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE TAMARA BAPTISTA, FINANCIAL AND SYSTEMS SERVICES MANAGER JAVIA GREEN, STAFF ANALYST, FINANCE JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

President Figuers called the meeting to order at 7:00 p.m.

Director Machaevich arrived at 7:05 p.m.

Item 3 - Citizens Forum - None.

Item 4 - Minutes of the Regular Meeting of October 19, 2011

On a motion by Director Quigley with a second by Director Greci, the minutes of the Regular Meeting of October 19, 2011 were approved by a voice vote of 6-0 with Director Stevens absent.

Item 5 - Consent Calendar

The resolutions were approved by a voice vote of 6-0 with Director Stevens absent.

Resolution 11-4133	Approved the District electing to join the Workers' Compensation Program sponsored by the ACWA/Joint Powers Insurance Authority. (Item 5a)
Resolution 11-4134	Authorized application to the Director of Industrial Relations, State of California, for a certificate of consent to self-insure workers' compensation liabilities. (Item 5b)

Resolution 11-4135	Approved adoption of the Zone 7 Water Agency Classified Service System. (Item 5c)
Resolution 11-4136	Approved entering into joint funding agreements with the USGS for water resources investigations. (Item 5d)
Resolution 11-4137	Approved adoption of the Financial Management Framework. (Item 5e)
Resolution 11-4138	Authorized President Sands Figuers to cast the Zone 7 vote in the ACWA Officer Elections and directs President Figuers to cast the vote for John Coleman as ACWA Vice President.

On a motion by Director Quigley with a second by Director Greci, the consent calendar passed by a voice vote of 6-0 with Director Stevens absent.

Item 6 - Staffing Updates

Item 6 (a) - Employee of the Month Recognition

Ms. Duerig reviewed the staff report with the Board and the Board congratulated Mr. Taaque Tesfayohannes who was present for his fine work for over 20 years as a Water Quality Chemist at the Water Quality Lab based at the Del Valle Water Treatment Plant. Director Palmer expressed her appreciation for his explanations of sophisticated chemistry concepts to her students when they visit the lab.

Item 7 - Contract Extension for Information Technology Services

John Yue outlined the reasons for an amendment to the current contract for LanLogic, Inc. This will be the last time the option to extend the current contract can be exercised and Zone 7 will be going out to bid on this contract next year. Because LanLogic has performed satisfactorily, Zone 7 staff recommended extending the contract until December 31, 2012, for a not-to-exceed amount of $210,836.

Director Quigley moved and Director Moore seconded the motion. By roll call vote, Resolution 11-4139 was passed by a vote of 6-0 with Director Stevens absent.

Item 8 - Financial Software Agreement

Tamara Baptista gave an update regarding financial software. The existing software is outdated and doesn't support the transition from Alameda County plus existing financial software will be discontinued at the end of the current fiscal year. An evaluation committee chose New World Systems and Tyler Technologies to give product demonstrations. There were also site visits to two agencies currently using the systems, Contra Costa Transportation Authority and the City of Martinez. The committee selected New World Systems as the best fit for the agency and a contract for a not-to-exceed total of $381,000 is under discussion, although a lower price may be negotiated.

Director Palmer moved for approval and Director Machaevich seconded the motion. After a roll call vote, Resolution 11-4140 was passed by a roll call vote of 6-0 with Director Stevens absent.

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

Kurt Arends, Assistant General Manager, Engineering, explained the different agreements involved with the WAPA and PWRPA contracts. The cost of power for Zone 7's treatment plants, wells and facilities continues to rise and is a big part of Zone 7's budget cost. Western Area Power Administration (WAPA) is a federal agency that generates power from the federal Central Valley Project hydroelectric facilities. The last couple of years Zone 7 has applied and was approved for a base resource allocation of the power they generate. This allows us to work with Power and Water Resources Pooling Authority (PWRPA), a JPA of various agencies, to pool power from WAPA and share it. Zone 7 is looking at entering an interim services agreement which will allow Zone 7 to get power today until we are able to be a full member of PWRPA in 2015. They are the wholesaler and will replace PG&E even though the power goes through PG&E transmission facilities. Part of that agreement with PG&E requires intervening PWRPA facilities so Zone 7 will have to replace PG&E transformers and facilities with PWRPA facilities. Once agreements are executed for PWRPA, Zone 7 will initiate capital projects to install electrical facilities which ultimately become PWRPA's facilities but Zone 7 will pay the cost and turn them over to PWRPA. This item gives the General Manager the authority to sign the base resource allocation agreement with WAPA, sign the interim service agreement with PWRPA, and sign the distribution facilities agreement with PWRPA. Zone 7 should see significant cost savings in three to four years.

The Directors' comments included being pleased to see another example of Zone 7 pooling resources to bring costs down; the kind of allocation Zone 7 is looking at with the key that Zone 7 is joining the JPA so they have something to contribute to that pool; and that annual savings are estimated to be $300,000 to $700,000.

Ms. Duerig extended kudos to Associate Civil Engineer Sal Segura for working on this complicated arrangement along with Carl Morrison who represents other PWRPA members and encouraged them to talk to Zone 7 about becoming a member.

Director Machaevich stated that it gives Zone 7 options and a newer infrastructure and allows us to choose where we are getting our power efficiently and with good cost savings down the road. Director Figuers asked if in replacing part of the PG&E equipment with our own equipment, who maintains it if a transformer blows up? Mr. Arends responded that Zone 7 will provide maintenance because PWRPA does not have its own maintenance crew and our staff can contract out if needed.

Director Quigley moved and Director Palmer seconded a motion to approve Resolution 11-4140 authorizing the General Manager to negotiate and execute the agreements. The resolution was approved by a roll call vote of 6-0 with Director Stevens absent.

Item 10 - Rules and Regulations Governing Untreated Water Service

Kurt Arends also recognized Sal Segura's work with the untreated water contracts. In December 2011, the Board authorized a one-year extension for the untreated water service contracts so that a new program based on Rules and Regulations could be developed to set the conditions governing untreated contractors, not to change how things currently work but to document the way it works and make it consistent for all water users. As contracts expire, they fall into the Rules & Regulations and contract renewals or extensions are no longer needed.

President Figuers asked for public comment but there was none.

After a brief discussion by board members, Director Quigley moved and Director Palmer seconded a motion to approve adopting the Rules and Regulations Governing Untreated Water Service and authorizing the General Manager to implement the Rules and Regulations. Resolution 11-4141 was approved by a voice vote of 6-0 with Director Stevens absent.

Item 11 - Committees - None

Item 12 - Items for Future Agendas - Directors

Item 13 - Reports - Directors

Director Quigley updated his written comments with the following:

- On October 29th Director Quigley attended a trail opening ceremony for a new trail in LARPD's system.
- He volunteered for EBRPD as an ambassador for a health and fitness fair. The challenge was reducing medical costs. The key driver was healthy parks = healthy people and trail users make healthy people. He gave the Board members pins from the East Bay Regional Park District with a message regarding healthy parks and healthy people.
- He also attended another workshop where the message was people need to watch health benefit statements carefully because it is open enrollment time. Also good benefits can keep and retain people and he noted its relevance during the transition from the County.

Item 14 - Staff Reports (Information items)

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

Ms. Duerig added a verbal comment regarding the California Water Commission and Dr. Meral, Deputy Secretary of California Natural Resources Agency. Dr. Meral has been trying to move forward with resolutions of necessity which is a step in the eminent domain process for 22 landowners in Sacramento, Yolo, and Solano counties; these would allow them to continue with designs for the Delta fix. They need to do additional geotechnical work so he has made a pitch to the commission to adopt those resolutions of necessity.

The latest note on the State deficit is from the Legislative Analyst's Office that the California deficit this year is nearly $13 billion. A big portion was due to a revenue bump anticipated because of improving economic times. The Brown administration suggested as much as a $4 billion bump in revenues but that $4 billion will be closer to $.3 billion and, because some of the legislature was less optimistic than the Brown administration, there are trigger mechanisms where if there are certain shortfalls, there are predetermined cuts i.e., another $100 million to the UC system and $100 million cut to the CSU system. It may not impact Zone 7 directly but will impact some of the other public agencies with whom Zone 7 works closely. In the meantime we are seeing the redevelopment fight ratcheting up which will impact all of the cities or alternatively the State – there is a single pot that is being fought over and either the State loses or the Cities will lose.

No comments or questions on staff reports.

The Board went into closed session at 7:40 p.m.

Item 15 - CLOSED SESSION

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

Item 16 - Open Session and Report Out of Closed Session

President Figuers said there was nothing to report when the Board came out of closed session at 8:23 p.m.

Item 17 - Voluntary Resignation Program

President Figuers moved and Director Quigley seconded a motion authorizing the implementation of a Voluntary Resignation Plan to occur within the next 6-9 months and directed the General Manager to report the results of that Program to the Board on an ongoing basis. Resolution 11-4143 was passed by a voice vote of 6-0 with Director Stevens absent.

Director Greci reported to the Board regarding a meeting he, Ms. Duerig, and Assistant General Manager Tom Hughes had with Supervisor Scott Haggerty on November 8, 2011. The Board directed staff to prepare a letter to Supervisor Haggerty from Board President Sandy Figuers confirming the Board's level of commitment to separating from the County.

The meeting was adjourned at 8:30 p.m.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: OFFICE OF THE GENERAL MANAGER
CONTACT: JILL DUERIG

AGENDA DATE: December 21, 2011 ITEM NO. 5a

SUBJECT: Voluntary Resignation Program

SUMMARY:

- On November 16, 2011, the Board of Directors authorized the General Manager to create and implement a Voluntary Resignation Program to occur in the current fiscal year.
- Staff prepared a program available to regular and permanent full-time or part-time employees to voluntarily retire effective February 4, 2012.
- The program includes a severance package of up to 20 weeks (800 hours) of base salary depending on years of service (base severance of four weeks or 160 hours of base pay plus an additional one week or 40 hours for each full year of service up to a maximum of 20 weeks or 800 hours of base pay).
- The program was distributed to staff on November 22, 2011. Employees electing to participate in the program must submit signed settlement agreements by January 9, 2012 for management selection. Selected employees will be informed by January 17, 2012.
- This item finalizes the detailed program and seeks the Board's authorization for the General Manager to accept staff participants in the program, execute the respective Settlement Agreements and directs the Auditor-Controller to pay severance pay in accordance with the executed Agreements.

FUNDING:

Funding for this program will come from funds already appropriated for salaries. Staff expects a net savings the current fiscal year and ongoing savings in the future.

RECOMMENDED ACTION:

Adopt a resolution authorizing the General Manager to select participants in the program, execute Settlement Agreements and direct the Auditor-Controller to issue severance pay to participants in the amounts indicated in the respective executed Settlement Agreements.

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY:
SECONDED BY:

AUTHORIZING VOLUNTARY RESIGNATION PROGRAM

WHEREAS, the Board authorized the General Manager to create and implement a Voluntary Resignation Program to occur in the current fiscal year and directed the General Manager to report the results of that Program to the Board on an ongoing basis; and

WHEREAS, staff has developed and implemented such a Voluntary Resignation Program;

NOW THEREFORE, BE IT RESOLVED that the Board of Directors hereby authorizes the General Manager to select participants in the program and execute Settlement Agreements;

BE IT FURTHER RESOLVED that the Board directs the Auditor-Controller to issue severance pay to participants in the amounts indicated in the respective executed Settlement Agreements.

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 December 21, 2011

By:____
President, Board of Directors

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

ORIGINATING SECTION: Engineering
CONTACT: Dennis Gambs / Jarnail Chahal

AGENDA DATE: December 21, 2011 ITEM NO. 5b

SUBJECT: Grant of Easement to DSRSD for Recycled Water Line
South San Ramon Creek (Line J), Dublin

SUMMARY:
- Dublin San Ramon Services District (DSRSD) has requested an easement from Zone 7 in connection with their recycled water line project that would cross South San Ramon Creek (Line J) near Dublin High School. The easement would be approximately 176 feet long and 15 feet wide for a total area of approximately 2,640 square feet.
- DSRSD's recycled water line is part of a distribution system that will serve irrigation demands for schools and parks in Central Dublin. The waterline crossing Zone 7's Line J will connect with the 16-inch DSRSD/EBMUD Recycled Water Authority (DERWA) main in the Iron Horse Trail.
- Zone 7's flood control staff has reviewed the plans for the recycled water line, which will be a minimum of 10 feet below the invert of the channel, and determined that there is no conflict or interference with the use of the channel property by Zone 7 for flood control purposes.
- The value of the easement to be granted to DSRSD would be nominal. Accordingly, a one-time administrative fee of $3,000 as compensation for the granting of the easement is recommended by Staff.

FUNDING:
There is no funding impact as a result of this grant of easement.

RECOMMENDED ACTION:
Adopt the attached resolution requesting and authorizing the Board of Supervisors of Alameda County Flood Control and Water Conservation District to grant an easement to DSRSD.

ATTACHMENTS:
- Memo providing additional background and discussion of agenda item
- Resolution
- Location Map
- Grant of Easement

INTEROFFICE MEMO

Date: December 21, 2011
To: Jill Duerig, General Manager
From: Dennis Gambs, Principal Engineer
Via: Jarnail Chahal, Engineering Manager
Subject: Grant of Easement to DSRSD for Recycled Water Line
South San Ramon Creek (Line J), Dublin

BACKGROUND/ DISCUSSION:

DSRSD has requested an easement from Zone 7 in connection with their recycled water line project. This easement would cross South San Ramon Creek (Line J) at right angles near the northerly Boundary of Dublin High School. The easement is approximately 176 feet long and 15 feet wide for a total area of approximately 2,640 square feet.

The Dublin San Ramon Services District (DSRSD) is constructing recycled water distribution facilities to serve irrigation demands for schools and parks in Central Dublin. The distribution pipelines will be connected to the 16-inch DSRSD/EBMUD Recycled Water Authority (DERWA) main in the Iron Horse Trail. Studies for the distribution system began as early as 1996. Due to recent Grant Funding, the installation of the recycled water line project is moving forward with design with an estimated construction date of June 2012.

Zone 7's flood control staff has reviewed the plans for the 12 inch diameter recycled water line, which will be a minimum of 10 feet below the invert of the channel, and determined that there is no conflict or interference with the use of the channel property by Zone 7 for flood control purposes.

The value of the easement to be granted to DSRSD for an underground recycled water line beneath the channel would be nominal. Accordingly, DSRSD will pay an administrative fee of $3,000 as compensation for the granting of the easement. DSRSD and Zone 7 staffs have negotiated easement rights that are acceptable to both parties.

The legal title to all real property owned by the Alameda County Flood Control and Water Conservation District, including Zone 7 property, is held in the name of the District. As the legal owner of the property over which the easement is to be granted to DSRSD, the Board of Supervisors of the Alameda County Flood Control and Water Conservation District is required to approve the grant of easement. To that end, the Zone 7 Board of Directors would request and authorize the District Board to approve the proposed conveyances.

ZONE NO. 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Grant of Easement to DSRSD for Recycled Water Line

WHEREAS, Alameda County Flood Control and Water Conservation District, Zone 7 is the owner of the real property known as South San Ramon Creek (Line J) consisting of a trapezoidal earthen channel; and

WHEREAS, in connection with the Dublin San Ramon Services District (DSRSD) Recycled Water Line project, DSRSD has requested a water line easement (No.70150) for a pipeline crossing Line J in the City of Dublin; and

WHEREAS, grant documents have been prepared conveying to DSRSD said easement located on Line J, to which reference is made to said grant documents for the description of said property, and by said reference is made a part hereof as though fully set forth herein; and

WHEREAS, said real property was acquired for flood control purposes.

NOW, THERFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby find and determine that the conveyance of said easement is in the public interest and will not substantially conflict nor interfere with the use of said property by Zone 7 for flood control purposes; and

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

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

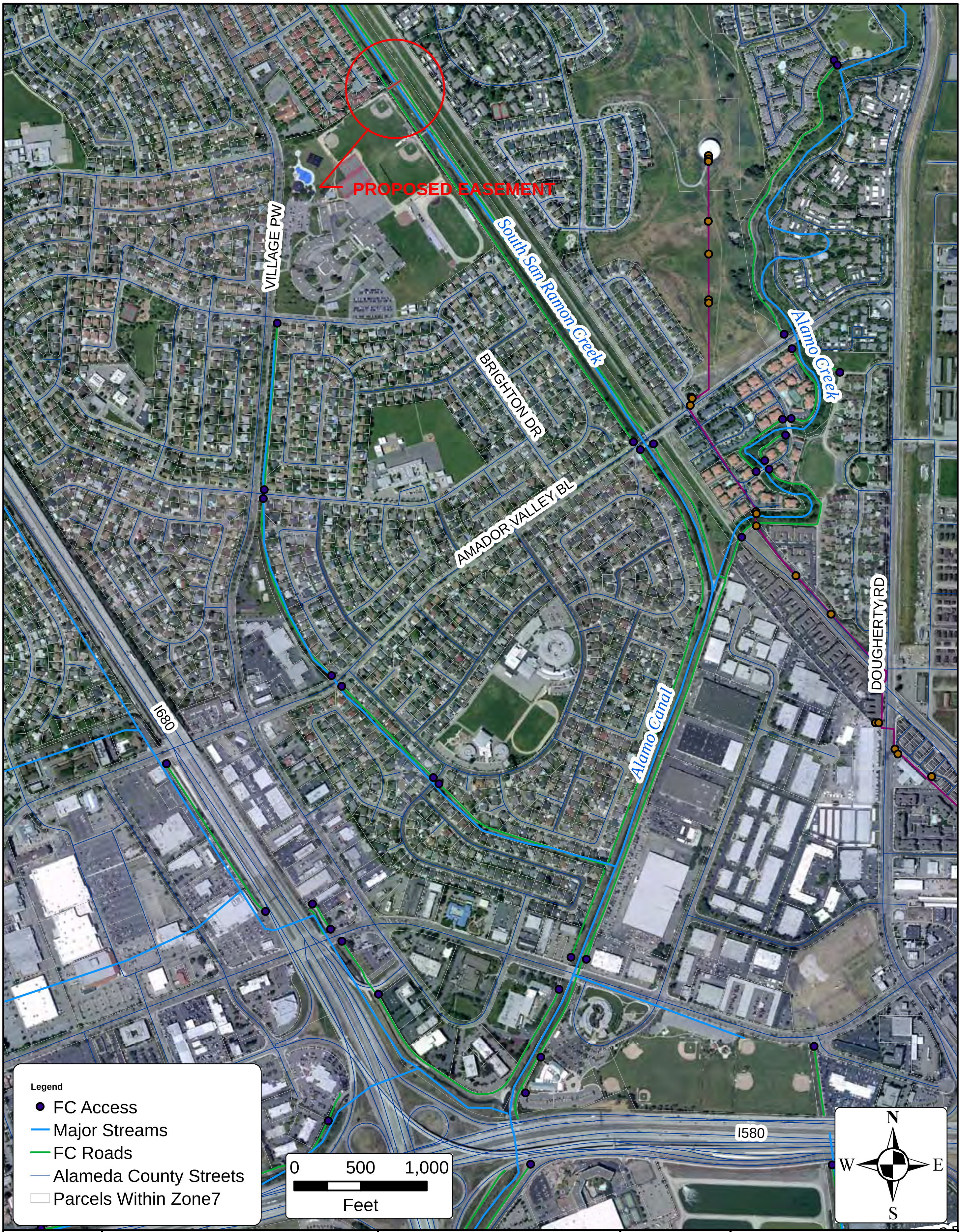
ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on December 21, 2011

By: ______________________________
President, Board of Directors

Line J
No. 70150
Map: RF 10111



ZONE 7 WATER AGENCY 100 North Canyons Parkway Livermore, CA	DRAWN: BW	SCALE: AS SHOWN	**Vicinity Map** **DSRSD W/L Easement**
	REVIEWED: BW	DATE: 11/30/2011	
	File:	FIGURE #	

Recording Requested By:

DUBLIN SAN RAMON SERVICES DISTRICT

And When Recorded Mail to:

Dublin San Ramon Services District
7051 Dublin Boulevard
Dublin, CA 94568
Attention: Aaron Johnson

Documentary Transfer Tax $ Exempt R&T Code 11922

By:

Nancy G. Hatfield, District Secretary DSRSD ☒
Recording Fee $0.00 Gov't Code 27383

Space Above This Line for Recorder's Use

APN 941-0190-001-01 (Por.)

GRANT OF EASEMENT

(Recycled Waterline)

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a body corporate and politic, ("GRANTOR"), does hereby GRANT unto DUBLIN SAN RAMON SERVICES DISTRICT, a special district, its successors and assigns, ("GRANTEE"),

a perpetual non-exclusive Easement for ingress, egress, and recycled water pipeline purposes, and related construction and maintenance purposes and incidents thereto under, over and across that certain real property, situated in the City of Dublin, County of Alameda, State of California, described and depicted in Exhibit "A," attached hereto and incorporated herein by reference.

This Grant of Easement is executed and delivered to GRANTEE upon the following terms and conditions, to wit:

a) To the extent permitted by law, GRANTOR and GRANTEE shall each indemnify and hold the other, and their respective officers, agents, employees, and instrumentalities harmless from any and all losses, damages, liability on account of personal injury, death or property damage, or claim for personal injury, death or property damage of any nature whatsoever and by whomsoever made, arising out of the activities of the other Party, its employees, subcontractors, or agents under this Easement.

b) Prior to installation of any or making any additions or modifications to the recycled waterline installed therein GRANTEE shall submit plans and specifications to GRANTOR for review and approval. The recycled waterline, including additions and modifications, shall not be installed by GRANTEE without first securing written approval of GRANTOR, which shall not be unreasonably withheld. GRANTOR shall approve said recycled waterline including additions and modifications, unless such waterline would interfere with the primary use of said Easement area for flood control and water management purposes.

c) GRANTEE agrees that the recycled waterline be constructed and maintained at a depth of at least five (5) feet below the present surface of the ground except along the channel bottom where the clearance shall be a minimum of ten (10) feet from the designed channel bottom to the top of pipe.

d) Except in emergencies, GRANTEE shall not enter upon the adjacent property of GRANTOR nor make any major additions or modifications or reconstruct the recycled waterline installed therein without securing an encroachment permit from GRANTOR and the issuance thereof shall not be unreasonably withheld.

e) GRANTEE agrees that upon the completion of any of its work within the Easement area to restore as near as possible the surface of the ground to the condition in which it was prior to the commencement of said work to the satisfaction of Zone 7.

f) In the event of any emergency, GRANTEE shall notify GRANTOR of the need for emergency access as soon as reasonably possible, but no later than twenty-four hours. Additionally, GRANTEE shall provide GRANTOR notice of any water leaks which require emergency repairs and an action plan for the repair.

g) GRANTEE shall be obligated to maintain and repair the recycled waterline and will utilize and maintain the Easement area in such a manner that there is no interference with the use of the Easement area by GRANTOR. GRANTEE shall be responsible for repairing any damage to GRANTORS property caused by the recycled water line as well as the clean up of any leaks discharged to the channel.

h) GRANTOR reserves the right to convey easement rights to others so long as such easement(s) do not conflict or interfere with GRANTEE's Easement rights herein conveyed, but prior to making such a conveyance, GRANTOR will provide written notice to GRANTEE.

i) GRANTOR reserves the right to use the Easement area for any purpose not in conflict with the Easement rights being granted herein, but prior to any use that may be in conflict with GRANTEES rights, GRANTOR will provide GRANTEE a copy of the plans and specifications and will make a good faith effort to address any concerns GRANTEE may have to protect GRANTEE's Pipelines.

j) GRANTOR, its successors and/or assigns, shall not place or permit to be placed on the Easement area, any above-ground structures.

k) GRANTEE shall not assign the Easement rights herein conveyed to another without the express written permission of GRANTOR, which shall not be unreasonably withheld.

l) GRANTOR shall pay no fees, charges or transfer taxes of any kind in connection with the Easement rights herein conveyed.

m) Insurance. GRANTEE may be self-insured or shall procure and maintain, at GRANTEE'S sole expense, for the duration of this Agreement, and shall ensure that its agents, consultants, and contractors procure and maintain for the duration of entry upon the GRANTOR'S real property, insurance insuring against claims for injuries to persons or damages to property which may arise from or in connection with the construction, maintenance, or repair on the Easement, the use of the Easement granted herein, or the use of the temporary access by GRANTEE or its agents, representatives, employees, contractors, subcontractors, and invitees.

The policy of insurance or self-insurance coverage maintained by GRANTEE shall include the equivalent of the following, and the insurance maintained by its agents, consultants, and contractors shall include the following: (i) Commercial General Liability coverage: $2,000,000 combined single limit per occurrence for injury to or death of one or more persons in an occurrence, and for damage to property (including loss of use), $2,000,000 general aggregate; $2,000,000 products and completed operation aggregate; coverage is to be provided on an "occurrence" basis; (ii) Excess Liability coverage: $2,000,000 each occurrence; $2,000,000 aggregate; (iii) Workers' Compensation: statutory limits; (iv) Business Automobile Liability coverage (will apply to the permissive use of owned or hired vehicles): $2,000,000 each accident; the agents, consultants, and contractors' insurance shall also include the following: shall contain, or be endorsed to contain, the following provisions: (i) name GRANTOR and their successors as additional insureds without limitations, (ii) provide a cross liability provision, and (iii) provide that the insurance shall be primary, excess, and non-contributing with any other insurance available to GRANTORS. GRANTEE has a $500,000 self-insured retention. GRANTEE's agents, consultants, and contractors' policies shall provide that coverage shall not be cancelled, except for non payment of premium, except after thirty (30) days prior written notice to GRANTORS, and ten (10) days prior written notice for cancellation for non payment of premium.

Prior to execution of this Agreement, GRANTEE shall furnish GRANTOR with certificates of insurance and with original endorsements affecting the coverage required herein. All certificates and endorsements, and, in addition, for GRANTEE's agents, consultants, and contractors, evidence of Worker's Compensation coverage must be received.

n) Any notice which GRANTOR or GRANTEE are required to provide related to this Easement shall be given in writing and may be personally served, sent by overnight courier delivery, or deposited in the United State Mail as certified mail, return receipt requested, postage prepaid, addressed to the other party at the following address:

GRANTOR: Zone 7
Alameda County Flood Control and Water Conservation District
Attention: General Manager
100 N. Canyons Parkway
Livermore, CA 94551
925 454-5000

GRANTEE: Dublin San Ramon Services District
Attention: General Manager
7051 Dublin Boulevard
Dublin, CA 94568
925 828-0515

o) Acceptance and recordation of the Grant of Easement by GRANTEE shall signify GRANTEE's acceptance of the terms and conditions of the conveyance.

IN WITNESS WHEREOF, this instrument is duly executed pursuant to Alameda County Flood Control and Water Conservation District Resolution No. _______________ adopted _____________________, 2011, a certified copy of which is attached hereto and made a part hereof.

Dated: ________________________

ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT

By: _________________________________
Nate Miley, President
The Board of Supervisors
Alameda County Flood Control and
Water Conservation District

(Line J)
Map: RF-10111
No. 70150

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

ORIGINATING SECTION: Water Quality
CONTACT: Brian Keil\Gurpal Deol

AGENDA DATE: December 21, 2011 ITEM NO. 5c

SUBJECT: Cost Sharing Agreement for Invasive Mussel Inspection Program at Lake Del Valle

SUMMARY:

- Zebra and Quagga mussels foul water delivery systems and pipes that divert, treat, or transmit raw surface water, which dramatically increases operation and maintenance costs.
- The Department of Water Resources (DWR) in 2011 sponsored a study prepared by RNT Consulting Inc., for assessing the vulnerability of the State Water Project to these mussels; this study concluded that there were periods over the past decade when calcium and pH levels in the South Bay Aqueduct water were within limits for survival of these mussels. Preventative efforts have been successful, with only two new discoveries of mussels in California water bodies in 2010, and no discoveries in 2011 as of the Fall 2011 publication date of the study. Attached is an article from DWR News that summarizes the study findings and future plans.
- The invasive mussel response plan developed to prevent and\or delay the infestation as long as possible was first implemented in July 2008 and will continue into 2012. The cost of the program for 2012 is estimated at approximately $260,000 by East Bay Regional Park District (EBRPD). EBRPD will be responsible for any costs in excess of $260,000.
- The program has been jointly funded by EBRPD, Santa Clara Valley Water District, Alameda County Water District, and Zone 7. It is anticipated that the program will continue to be jointly funded in 2013 at about the same cost level.
- EBRPD will purchase reporting services from Quagga Inspection Services, LLC for the Quagga Inspection Database (QID). This database will provide a method of tracking inspections and failures in real-time throughout the network of lakes and reservoirs participating in the program. All agencies included in this agreement will have full access to this database for the duration of this agreement.
- Zone 7's share of the cost of the program is not expected to exceed $65,000 for 2012, much less than the projected annual cost of managing an infestation. Each year that infestation is delayed represents significant savings to Zone 7.

FUNDING:

This effort is funded from Fund 52 –Water Enterprise.

RECOMMENDED ACTION:

Adopt the attached resolution authorizing the General Manager to negotiate and execute a four way funding agreement among EBRPD, ACWD, SCVWD, and Zone 7 to fund the Quagga and Zebra mussel prevention program for Lake Del Valle in 2012 and 2013, for a not-to-exceed cost to Zone 7 of up to $65,000 for each year.

ATTACHMENTS:

- Zone 7 Board Resolution
- DWR News Article

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Cost Sharing Agreement for Invasive Mussel Inspection Program at Lake Del Valle

WHEREAS, the impact of Quagga and Zebra mussels has been well documented in the Great Lakes and Northeastern United States for the past twenty years and has resulted in hundreds of millions of dollars in annual costs to the power and water industry; and

WHEREAS, these mussels were found in Southern California in January 2007, and in San Justo Reservoir in San Benito County in January 2008; and there were two new discoveries in 2010 in already infested Southern California systems; and

WHEREAS, an infestation of the South Bay Aqueduct facilities and/or Zone 7 facilities would result in significant financial and water supply impacts.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute a four way funding agreement among EBRPD, ACWD, SCVWD, and Zone 7 to continue the Quagga and Zebra Mussel prevention program for Lake Del Valle in 2012 and 2013, for a not-to-exceed cost to Zone 7 of $65,000 for each year.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN

I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on December 21, 2011

By: ______________________________
President, Board of Directors

DWR's Mussel Control Effort Features SWP Monitoring, Scientific Research

By Jeff Janik, Tanya Veldhuizen and Pete Weisser

Water system monitoring and scientific research ranked high in DWR's invasive mussels management efforts during 2011.

No populations of quagga or zebra mussels have been documented in California's State Water Project (SWP), thus far. Quagga mussel distribution remains limited to Southern California water bodies served by Colorado River sources. Zebra mussels have been found only in San Justo Reservoir in San Benito County. The first discovery of quagga mussels in California occurred at Lake Havasu, in water entering from Lake Mead, during January 2007.

If left unchecked, these invasive mussels can severely deplete the food web in lakes and reservoirs, clog small diameter pipes in water infrastructure and damage boat engines.

Early detection monitoring along the SWP, begun in 2007, continues. It is intensified during warm months when mussels are most likely to spawn. Monitoring is performed by more than a dozen DWR water quality and compliance monitoring staff from field divisions and Environmental Services, the heart of DWR's mussel surveillance program.

During 2011, DWR-sponsored research sharpened the focus on SWP quagga and zebra mussel risks. At Sacramento workshops in January, DWR's invasive mussel consultants---**Renata Claudi**, **Tom Prescott** and **Katherine Prescott** of RNT Consulting, Inc. ---presented information on potential survivability of invasive mussels in the SWP. This included an overview of infrastructure vulnerabilities and control options.

RNT researchers analyzed 10 years of SWP water quality data to assess whether SWP waters could support long-term mussel populations and reproduction. Analyses were based on calcium and pH levels, two limiting factors.

Research on SWP Mussel "Suitability"

They concluded the SWP has three "suitability" zones: 1) not able to support mussels, 2) potentially able to support mussels, and 3) able to support mussels. Geographically, the least suitable areas are in the north, the "potentially able" zone in Central California and the most vulnerable in Southern California.

This research was widely shared during 2011 with SWP contractors, hydropower operators and agencies active in mussel control efforts in California.

Sites within Zone 1 had low calcium concentrations (<12mg/L) and low pH levels that are considered unable to support dreissenid (mussel) populations. Sites included:

Sabrina Bell, environmental scientist with Oroville Field Division, retrieves a veliger tow sample collected near Oroville Dam. Bell is one of the many field division staff who routinely collect veliger samples and check settlement substrates throughout the SWP.

Antelope Lake, Lake Davis, Frenchman Lake, Lake Oroville, Thermalito Diversion Pool, Feather River at Oroville, and Sacramento River at Hood.

Frenchman Lake and Sacramento River at Hood had calcium concentrations below the minimum limit for supporting mussels. However, there were times between January 2000 and September 2010 when both calcium and pH were within limits that could support mussels. These conditions occurred infrequently and the lower limits for mussel survival were very conservative. This combination would not allow establishment of a reproducing population.

Sites within Zone 2 had fluctuating calcium concentrations and pH levels within the past decade that were within tolerable ranges for mussel survival. But they also experienced periods when conditions were limiting. Based on current scientific knowledge, it is uncertain if these sites will be able to support long-term mussel populations.

Locations in Zone 2 included Barker Slough Pumping Plant, San Joaquin River at Vernalis, Clifton Court Forebay Inlet, Harvey O. Banks Pumping Plant, Delta Mendota Canal Headworks, Del Valle Check 7, Check 13, Pacheco Pumping Plant, Check 21 and Check 29.

Sites in Zone 3 had relatively high calcium concentrations and pH above limiting levels, allowing these sites to support mussel populations. Sites included: California Aqueduct, Check 41, Castaic Lake Outlet, Castaic Lake at Jensen Influent, Silverwood Lake Outlet at Devil Canyon, Devil Canyon Headworks and Lake Perris Outlet.

San Justo Reservoir Science Update

DWR staff scientists **Jeff Janik** and **Tanya Veldhuizen** have monitored zebra mussels and conducted studies at San Justo Reservoir since 2008, soon after their discovery there. San Justo is an isolated facility, closed to the public. San Justo studies have provided researchers greater understanding of zebra mussel biology and their ecological survival needs in California.

To expand on this knowledge, DWR and RNT Consulting are conducting a series of experiments to evaluate the likelihood of zebra mussel survival in SWP water.

Understanding where mussels can and cannot survive in the SWP will be critical in controlling and managing the invasive to minimize impact on water delivery.

Based on historical SWP water quality data, calcium and pH at Clifton Court Forebay, Banks Pumping Plant and San Luis Reservoir are marginal for supporting a long-term mussel population.

Due to the uncertainty of this thesis, DWR will conduct controlled experiments of mussel survival in water collected from those locations. Zebra mussels will be exposed to SWP water transported to San Justo Reservoir. Mussel shell condition and survival will be monitored.

DWR and RNT Consulting will also conduct a series of experiments lowering the pH level of water. Researchers note that under low pH conditions mussels develop holes in their shells and eventually die. Lowering the pH within enclosed pipelines could be a potential control method at SWP facilities. Testing will be conducted in a mobile laboratory located at the reservoir.

Vulnerability Assessment of SWP Facilities

On-site vulnerability assessments were recently completed at Southern Field Division pumping and hydropower plants identified in the habitat suitability assessment. These sites fall into Zone 3 as suitable for zebra and quagga mussels. Plants inspected included Warne, Oso, Alamo, Pearblossom, Mojave Siphon and Devil Canyon.

RNT Consulting will prepare a mussel management plan that will include short and long-term management options. Report completion date is scheduled for April 2012.

Controlling Mussel Spread

Boater education and inspection of boats have helped slow the spread of invasive mussels. This is true both at the Border Protection Stations operated by the California Department of Food and Agriculture and with boat inspection programs at lakes and reservoirs.

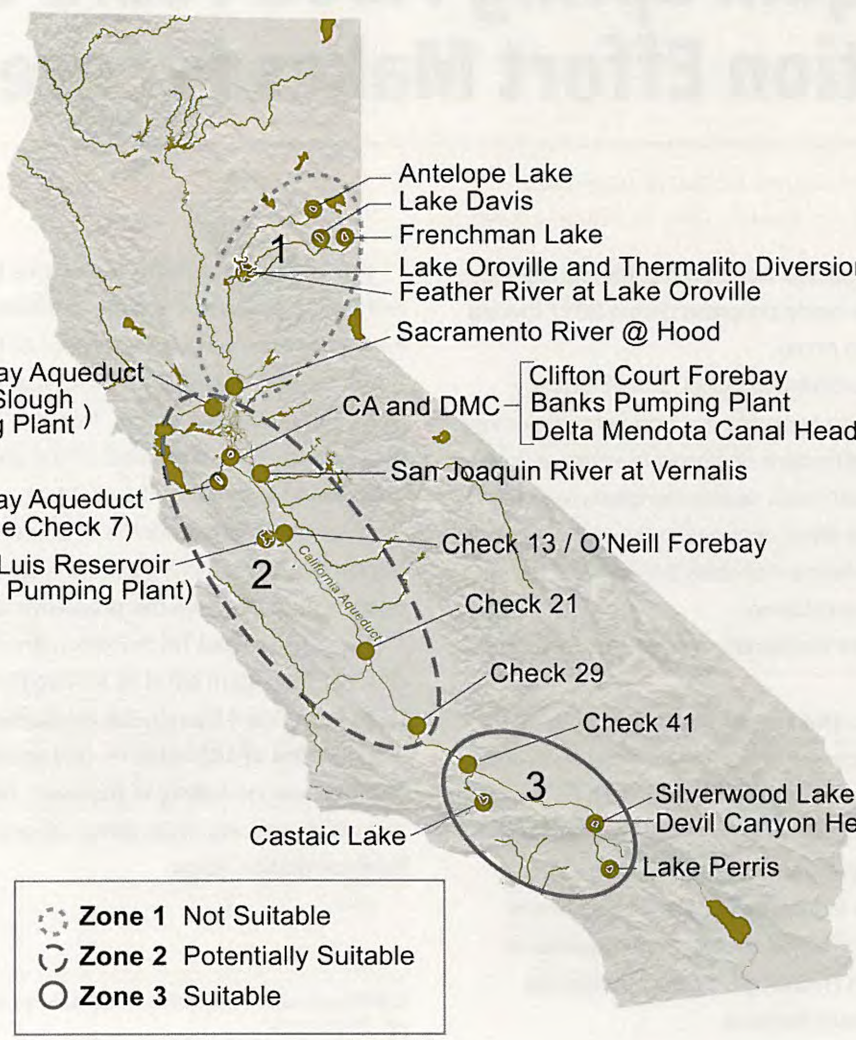
In 2010, there were only two new discoveries of mussels in California water bodies, both connected to the already-infested Colorado River Aqueduct distribution system in Southern California. In 2011, to date, there have been none.

Department of Parks and Recreation staff inspect boat for quagga and zebra mussels at Lake Perris. (Photo by Jeff Janik)

DWR's watercraft inspection efforts are advancing at SWP reservoirs. Since April 2009, boat inspections at Perris and Silverwood lakes have been conducted by the State Department of Parks and Recreation (DPR). Boat inspections and clean boating education programs are scheduled to begin this fall at San Luis Reservoir by the State DPR and at Pyramid and Castaic lakes by Los Angeles County DPR.

The white patches on zebra mussel's shell are due to low calcium levels. (Photo by Jeff Janik)

Habitat Suitability of the State Water Project for Mussels



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Engineering
CONTACT: Dennis Gambs/Joe Seto/Jarnail Chahal

AGENDA DATE: December 21, 2011 ITEM NO. 5d

SUBJECT: Accept Grant of Easement from City of Livermore for the Southern Conveyance Facility (No. 70143)

SUMMARY:

- As a part of its flood protection program, Zone 7 adopted the Stream Management Master Plan (SMMP) to address issues of flood protection throughout the Livermore-Amador Valley including the El Charro Specific Plan area.
- Since 2006, Zone 7 and the City of Livermore have been working together on the City's El Charro Specific Plan flood protection elements. This collaboration to integrate the SMMP and the El Charro Specific Plan led to the Zone 7 Board's authorization on December 15, 2010, of an agreement to fund the construction of specific flood protection and water management improvements and to receive from the City certain property rights.
- One of the improvements contained in the agreement is the Southern Conveyance Facility which is currently being constructed as part of the grading improvements for the El Charro Specific Plan.
- The City has offered a grant of easement to Zone 7 for flood protection and water management uses over the Southern Conveyance Facility in accordance with the agreement.
- Responsibilities for maintaining the Southern Conveyance Facility will remain with the City of Livermore until Zone 7 has constructed the facilities connecting it to the Chain of Lakes. Once Zone 7 does assume maintenance responsibilities, the City of Livermore will provide Zone 7 the estimated annual maintenance cost, which begins at $115,655/year (in 2010 dollars) and adjusts annually based on the CPI.

FUNDING:
There are no expected funding impacts.

RECOMMENDED ACTION:
Adopt attached resolution accepting the Grant of Easement and authorizing the General Manager to record the Grant of Easement.

ATTACHMENTS:

- Memo providing additional background and discussion of agenda item
- Resolution
- El Charro area map
- Grant of Easement

INTEROFFICE MEMO

Date: December 21, 2011
To: Jill Duerig, General Manager
From: Dennis Gambs, Principal Engineer
Joe Seto, Principal Engineer

Subject: Accept Grant of Easement from City of Livermore for the Southern Conveyance Facility (No. 70143)

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

BACKGROUND:

Since 2006, Zone 7 and the City of Livermore have been working together on the City's El Charro Specific Plan flood protection elements. Zone 7 adopted the Stream Management Master Plan (SMMP) to address issues of flood protection throughout the Livermore-Amador Valley including the El Charro Specific Plan area (ECSPA). The El Charro Specific Plan includes flood protection improvements that are intended to function in conjunction with the regional flood control system and remove certain developable parcels from the floodplain. The City and Zone 7 have collaborated to integrate the SMMP and the El Charro Specific Plan. When fully implemented, the SMMP proposes to divert flood flows from the Arroyo Las Positas in the El Charro Specific Plan area into the Chain of Lakes for storm water detention.

On December 15, 2010, the Zone 7 Board of Directors authorized the General Manager to negotiate and execute a Partnership Agreement between the City of Livermore and Zone 7 for Flood Protection Improvements (Improvements) within the El Charro Specific Plan Area (ECSPA) and Las Positas Golf Course. The Partnership Agreement appropriated $10,000,000.00 to the City of Livermore to facilitate construction of the Improvements. The Improvements include:

1. Construction of the Southern Conveyance Facility
2. Construction of Culverts under the future Jack London Boulevard Extension
3. Construction of Earthen Flood Wall Berms in Las Positas Golf Course
4. Mitigation planting of a stretch of Arroyo Las Positas Creek

In addition to the Improvements that will function in conjunction with projects proposed in Zone 7's 2006 Stream Management Master Plan (SMMP), the City provided irrevocable offers of dedication in fee or easements for several City-owned properties that are integral to providing Flood Protection and water management benefits to the community in the future.

The current development going on within the ECSPA is by Paragon Outlets, a regional outlet mall developer, who is also responsible for infrastructure construction within the area. The development will have several impacts on existing Zone 7 facilities, including Zone 7's Cross Valley Pipeline and DSRSD Turnout 5.

Flood Protection Improvements

Construction work within the ECSPA began in June 2011, which included work within Las Positas Golf Course. The Southern Conveyance Facility (SCF) is the main flood protection component of the project and was substantially completed in October 2011. Some minor grading, concrete v-ditches, and a drainage inlet remain to be completed before the upcoming winter season for the SCF to be fully functional. The SCF will serve as the main conduit for stormwater routing and detention. Because this reach of Arroyo Las Positas is currently undersized in its natural state and unable to convey the 100-year flow, the golf course and the surrounding areas flood. It was necessary to construct the SCF to allow the stormwater to be detained within an area where it could slowly drain back into the Arroyo Las Positas. The ultimate use of the SCF will be to help divert stormwater into a future conveyance facility that ties into the Chain of Lakes, allowing for stormwater detention within the lakes as identified within Zone 7's SMMP. A photo of the completed SCF is provided in Exhibit A.

Construction of the Berms along the southern border of the Las Positas Golf Course began in June 2011. The Berms serve as a flood wall between the Golf Course and the Livermore Airport, to reduce airport flooding. The Berms have since been completed and photos are provided in Exhibit B.

Work still remains on constructing the Jack London Boulevard Extension and the culverts required to convey storm water from the golf course to the SCF. A temporary double barrel outfall structure from the golf course into the SCF is in place (Exhibit C). Mitigation planting along the Arroyo Las Positas will include planting of riparian vegetation and is scheduled for later in 2012. All work within the El Charro Specific Plan Area is scheduled to be completed by October 31, 2012.

Facilities Impacted by Paragon Development

Arroyo Las Positas

In September 2011, an encroachment permit was issued to the City to allow for the construction and connection of Paragon's storm drainage pipeline infrastructure to Zone 7's Arroyo Las Positas facility. The development's pipelines require tying into existing outfall structures. To accommodate additional flows from the development's HMP basins, as well as the routing of flood flows through the SCF, the concrete outfall structures were re-designed and re-constructed. The re-designed outfall structures were completed in October 2011.

Cross Valley Pipeline Relocation

The Cross Valley Pipeline will be relocated for improved access at the expense of the developer. An existing turnout will be modified to provide deliveries to the ECSPA at the expense of the City of Livermore. Approximately 2,000 feet of 36-inch pipeline is being relocated to accommodate the development's anchor building and the City of Livermore's landscape corridor. The pipeline is being relocated in the perimeter road of the Outlet Mall's parking lot, easily accessible to Zone 7 maintenance and away from congested shopping areas.

Contract Plans and Specifications are complete. An encroachment permit has been executed and construction is anticipated to begin at the end of December. The project is estimated to be completed by May 1, 2012.

Livermore Turnout No. 11

A new turnout designed to serve demands within the ECSPA is being constructed at the current site of the Dublin San Ramon Services District (DSRSD) Turnout No. 5. Expansion of this turnout was planned in the design of the original DSRSD turnout. Separate piping and meter layout will provide service to the City. Additionally, the turnout is being modified to optimize the efficiency of piping galleries and electrical circuits in serving both DSRSD and the City of Livermore. Construction of the turnout will begin once the Cross Valley Pipeline relocation has been completed.

DISCUSSION:

The Southern Conveyance Facility basin is currently being constructed as part of the grading improvements for the El Charro Specific Plan. The facility was designed in accordance with plans and specifications prepared by the City consistent with mitigation measures, hydraulics studies and sediment transport analysis; all acceptable to Zone 7.

As the Chain of Lakes project moves forward, the Southern Conveyance Facility will be connected eventually to the Chain of Lakes at which time it will become Zone 7's responsibility to maintain. For now, the City of Livermore is offering a grant of easement to Zone 7 for flood protection and water management uses over the Southern Conveyance Facility in accordance with the agreement.

The City will maintain the Southern Conveyance Facility until Zone 7 completes the flood protection improvements contemplated in the SMMP that allow flows to be diverted into the Chain of Lakes.

Once the maintenance responsibilities for the Southern Conveyance Facility are transferred to Zone 7, the City will make annual payments to Zone 7 in the amount of $115,655, in 2010 dollars, adjusted annually based on the Consumer Price Index for the San Francisco-Oakland-San Jose area. The payments by the City to Zone 7 represent the estimated cost to Zone 7 for maintenance work including reserves, contingencies and the value of the restrictions to be placed upon the Conservation Area.

Attachment: Exhibit A-C, Photos

SOUTHERN CONVEYANCE FACILITY

Looking eastward from northwest corner of Southern Conveyance Facility.

EARTHEN BERMS AT LAS POSITAS GOLF COURSE

EXHIBIT B

Looking eastward along berm ridge between Golf Course and Airport.

Looking eastward along berm ridge between Golf Course and Airport.

TEMPORARY CULVERTS AT JACK LONDON BLVD EXTENSION

Temporary outfall from golf course into Southern Conveyance Facility.

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Accept Grant of Easement from City of Livermore for the Southern Conveyance Facility (No. 70143, Map RF-10104)

WHEREAS, in December 2010, Zone 7 and the City of Livermore entered into an agreement to fund the construction of specific flood protection and water management improvements and to receive from the City certain property rights; and

WHEREAS, the City of Livermore is granting an easement to Alameda County Flood Control and Water Conservation District, Zone 7, for flood control and water management purposes on the lands designated and described.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager be authorized to accept said easement from the City of Livermore and to execute a certificate of acceptance causing the same to be recorded at the office of the Recorder of Alameda County.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

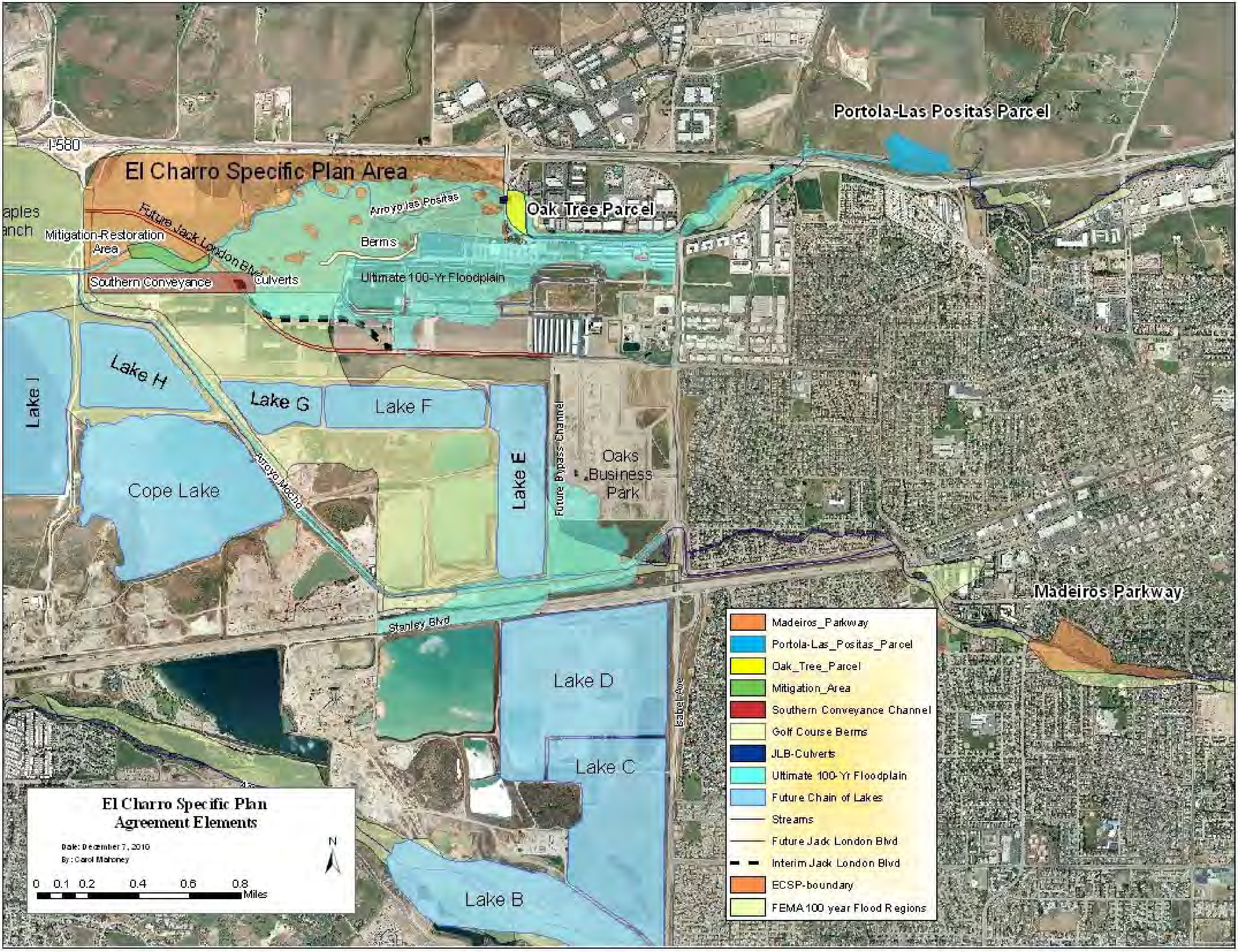
NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on December 21, 2011

By: ______________________________
President, Board of Directors



Portola-Las Positas Parcel
I-580
El Charro Specific Plan Area
aples
anch
Mitigation-Restoration
Area
Future Jack London Blvd
Arroyo las Positas
Oak Tree Parcel
Berms
Southern Conveyance
Culverts
Ultimate 100-Yr Floodplain
Lake I
Lake H
Lake G
Lake F
Lake E
Future Bypass Channel
Oaks
Business
Park
Cope Lake
Arroyo Mocho
Stanley Blvd
Madeiros Parkway
Lake D
Lake C
Lake B
Isabel Ave
Madeiros_Parkway
Portola-Las_Positas_Parcel
Oak_Tree_Parcel
Mitigation_Area
Southern Conveyance Channel
Golf Course Berms
JLB-Culverts
Ultimate 100-Yr Floodplain
Future Chain of Lakes
Streams
Future Jack London Blvd
Interim Jack London Blvd
ECSP-boundary
FEMA 100 year Flood Regions
El Charro Specific Plan
Agreement Elements
Date: December 7, 2010
By: Carol Mahoney
N
0 0.1 0.2 0.4 0.6 0.8
Miles

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Zone 7 Water Agency
100 N. Canyons Parkway
Livermore, CA 94551
Attention: Real Property Services

SPACE ABOVE THIS LINE FOR RECORDER'S USE

11-134

The undersigned grantee hereby declares this instrument to be exempt from Recording Fees (Govt. Code §27383) and Documentary Transfer Tax (Revenue and Taxation Code §11922).

APN: 904-001-10 & 904-001-03-1 (Portion)
RF-10104

Portion of ALP Parcels: "AF-1", "Y" and "AF-2 (No. 70143)

GRANT OF EASEMENT

(Southern Conveyance Facility - Flood Control and Water Management)

The **CITY OF LIVERMORE**, a municipal corporation, hereinafter designated "Grantor", in consideration of value paid, the adequacy and receipt of which are hereby acknowledged, hereby grants to the **ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7**, a body corporate and politic, hereinafter designated "Grantee", its successors and assigns, the perpetual Easement to construct and maintain hereon any flood control and water management facilities, channels, structures or other improvements deemed necessary by Grantee over, in, under, along and across all that certain real property in the City of Livermore, County of Alameda, State of California, described in attached Exhibit "A" and depicted in Exhibit "B," attached hereto and incorporated herein by reference (the "Property").

This Easement is executed and delivered to Grantee upon the following terms and conditions, to wit:

1. Grantee shall have the authority to enter the Property for the purpose of surveying and inspection, to construct flood control and water management facilities, including channelization embankments, maintenance roads, appurtenances and other improvements deemed necessary by Grantee, consistent with plans mutually agreed upon by Grantee and Grantor, subject to Federal Aviation Administration grant assurance requirements, and for purposes of inspecting and maintaining such improvements and for the purpose of allowing any drainage and flood water to come upon and flow over the Property, as well as any other use not enumerated herein which is consistent with the purposes of this Easement. Grantee shall have the non-exclusive right of ingress to and egress from the Property for the purpose aforesaid by way of such roads or passageways as may now or hereinafter exist on Grantor's property.

2. Grantee shall repair and maintain the improvements constructed upon the Property hereby conveyed and Grantee shall likewise repair any damage which it causes to Grantor's remaining property during the construction or repair of any improvements made pursuant to this Easement. Grantee shall also promptly repair any damage to Grantor's real and personal property, arising out of or in connection with Grantee's construction, operation, maintenance, replacement, repair or removal of said improvements.

3. Grantor shall have access to and may utilize the Property for any purpose that is not inconsistent with or which would be detrimental to the purpose for which this Easement is granted, except that Grantor shall not construct any improvements on the Property without the prior written consent of Grantee, which consent shall not be unreasonably withheld if the same may be given without endangering the public health or welfare or otherwise impairing the purpose of this Easement.

4. Grantor reserves the right to convey easement rights to others so long as such easement(s) do not conflict or interfere with Grantee's Easement rights herein conveyed, but prior to making such a conveyance, Grantor will provide written notice to Grantee.

5. To the extent permitted by law, Grantor and Grantee shall each indemnify and hold the other, and their respective officers, agents, employees, and instrumentalities harmless from any and all losses, damages, liability on account of personal injury, death or property damage, or claim for personal injury, death or property damage of any nature whatsoever and by whomsoever made, arising out of the activities of the other Party, its employees, subcontractors, or agents under this Easement.

6. Any notice which Grantor or Grantee are required to provide related to this Easement shall be given in writing and may be personally served, sent by overnight courier delivery, or deposited in the United State Mail as certified mail, return receipt requested, postage prepaid, addressed to the other party at the following address:

Grantor:	City Of Livermore 1052 S. Livermore Ave. Livermore, CA 94550 Attention: City Engineer
Grantee:	Zone 7 Water Agency 100 N. Canyons Parkway Livermore, CA 94551 Attn: General Manager

7. This instrument contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect except by a subsequent modification in writing, signed by the party to be charged.

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

IN WITNESS WHEREOF, this instrument is duly executed pursuant to City of Livermore Resolution No. 2010-197, adopted December 13, 2010, a certified copy of which is attached hereto and made a part hereof.

Dated: September 1, 2011

CITY OF LIVERMORE

By: ______________________

For: Linda Barton Troy Brown
City Manager Asst. City Manager

STATE OF CALIFORNIA } SS.
COUNTY OF ALAMEDA }

On September 1, 2011 before me, SUSAN NEER, CITY CLERK,

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

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

WITNESS my hand and official seal.

Signature Susan Neer

CORPORATE SEAL OF THE CITY OF LIVERMORE, CA.

IN THE CITY COUNCIL OF THE CITY OF LIVERMORE, CALIFORNIA

A RESOLUTION AUTHORIZING SIGNING OF AGREEMENT WITH ZONE 7 AND EASEMENTS, AGREEMENTS, DEED RESTRICTIIONS AND LAND TRANSFERS REQUIRED FOR EL CHARRO SPECIFIC PLAN INFRASTRUCTURE AND TERMS OF AGREEMENT

(Zone 7 of Alameda County Flood Control and Water Conservation District)

BE IT RESOLVED by the Livermore City Council that:

1. The City Manager, or her designee, is authorized to sign, on behalf of the City of Livermore, the Irrevocable Offers of Dedication to the ZONE 7 WATER AGENCY for an easement on 8 acres of Airport Parcel AA and 24 acres of Airport Parcel AL-1 for the purpose of constructing, accessing, maintaining and managing the existing and future flood protection improvements; and

2. The City Manager, or her designee, is authorized to sign, on behalf of the City of Livermore, the Irrevocable Offers of Dedication to the ZONE 7 WATER AGENCY for 18 acres of land bounded by I-580 and the extension of Portola Avenue along the Arroyo Las Positas and 45 acres of land upstream of Holmes Street along the Arroyo Mocho, including the 15 acres designated as the Oak Grove Nature Reserve, for the purpose of constructing, accessing, maintaining and managing the existing and future flood protection, water quality and water supply improvements; and

3. The City Manager or her designee is authorized to execute the Operations and Maintenance Agreement with Zone 7 and Deed Restrictions on City and Zone 7 land and all other documents required to comply with the Regional Board Permit requirements; and

4. The City Manager, or her designee, is authorized to execute the Agreement between City of Livermore and Zone 7 of Alameda County Flood Control and Water Conservation District for the El Charro Specific Plan Improvements in substantially the same form as the one approved by this action; and

5. The City Manager, or her designee, is authorized to execute the Easement Agreement between City of Livermore and Zone 7 of Alameda County Flood Control and Water Conservation District to convey flood waters across the City Golf Course in substantially the same form as the one approved by this action; and

On the motion of Councilmember Williams, seconded by Councilmember Horner, the foregoing resolution was passed and adopted on the 13th day of December, 2010, by the following vote:

AYES: Councilmembers Horner, Williams, Vice Mayor Marchand, Mayor Kamena
NOES: None
ABSENT: Councilmember Leider
ABSTAIN: None

ATTEST & DATE:

Susan Neer
CITY CLERK
SUSAN NEER

DATE: December 16, 2010

APPROVED AS TO FORM:

Amara
SPECIAL COUNSEL
AMARA MORRISON

I hereby certify that the above is a full, true and accurate copy of a Resolution adopted by the City Council of the City of Livermore.

Toni Taber, Deputy City Clerk

4/19/2011
Date

EXHIBIT "A"

Legal Description

SOUTHERN CONVEYANCE FACILITY
FLOOD CONTROL AND WATER MANAGEMENT EASEMENT

(Arroyo Las Positas Diversion Channel)

Ref: APN: 904-001-10 (Portion) and
904-001-03-1 (Portion)

Portion of ALP Parcels
"AF-1","Y" & all "AF-2"

Real Property situate in the City of Livermore, County of Alameda, State of California as follows:

Being a portion of Parcel 2 of Parcel Map 6332, filed February 24, 1994 in Book 213 of Maps at Pages 6 through 9 inclusive, Alameda County Records, and a portion of that certain parcel of land conveyed to the City of Livermore by the Final Order of Condemnation (Case -134053-2), recorded February 26, 1991, under series number 91-075035, Official Records of Alameda County, described as follows:

Beginning at the southwest corner of the above described Parcel 2, PM 6332; thence along the west line of said Parcel, North 00°56'02" East, 359.42 feet, to the northwest corner of said Parcel 2;

thence easterly along the northern line of said Parcel 2 along the arc of a curve concave to the north, with a radius of 909.75 feet, from a radial bearing of North 05°42'54" West, through a central angle 31°15'22", an arc length of 496.29 feet:

thence leaving said line South 80°58'02" East, 228.20 feet;

thence along the arc of a tangent curve concave to the north, with a radius of 7340.00 feet; through a central angle of 07°47'48", an arc length of 998.81 feet;

thence South 88°45'50" East, 81.30 feet, to a point on the southern edge of a proposed 18 foot wide Pedestrian and Equestrian Path, thence along said path the following fourteen (14) courses;

1) thence easterly along the arc of a non-tangent curve concave to north with a radius 311.00 feet, from a radial bearing of North 14°42'59" East, through a central angle of 14°18'05", an arc length of 77.63 feet:

2) thence South 89°35'06" East, 191.80 feet;

3) thence along the arc of a tangent curve concave to the South, with a radius of 149.00 feet, through a central angle of 13°58'47", 36.36 feet;

4) thence South 75°36'19" East, 121.80 feet;

5) thence along the arc of a tangent curve concave to the north, with a radius of 176.50 feet, through a central angle of 14°03'45" an arc length of 43.32 feet;

6) thence South 89°40"04" East, 57.00 feet;

7) thence along the arc of a tangent curve concave to the north, with a radius of 176.50 feet, through a central angle of 13°56'03", an arc length of 42.92 feet;

8) thence North 76°23'53" East, 118.00 feet;

9) thence along the arc of a tangent curve concave to the south with a radius of 145.50 feet, through a central angle of 13°56'03", an arc length of 35.39 feet;

10) thence South 89°40'04" East, 309.50 feet;

11) thence along the arc of a tangent curve concave to the south with a radius of 239.00 feet, through a central; angle of 39°00'04", an arc length of 162.69 feet;

12) thence non-tangent to the preceding curve, South 55°42'56" East, 29.27 feet;

13) thence along the arc of a curve concave to the southwest, with a radius of 120.00 feet, from a radial bearing of South 40°07'07" West, through a central angle of 11°12'53", an arc length of 23.49 feet, to a point of compound curvature;

14) thence southeasterly along the arc of compound curve with a radius of 2198.00 feet, through a central angle 01°30'20", an arc length of 57.76 feet;

thence leaving the edge of the 18 foot Pedestrian and Equestrian Path, North 89°35'06" West, 16.60 feet;

thence along the westerly end of series of drainage culverts, South 34°44'11" East, 158.00 feet;

thence along the face of a concrete wing-wall, South 45°24'54" West, 43.60 feet, to a point on the southwestern right-of-way line of the proposed Jack London Boulevard, thence along said right-of-way line the following four (4) courses;

1) thence South 34°44'11" East, 14.60 feet;

2) thence North 73°09'32" East, 26.94 feet;

3) thence South 38°55'39" East, 141.03 feet;

4) thence South 34°52'13" East, 11.73 feet, to a point on the south line hereinabove described lands of the City of Livermore (91-075035);

thence along said south line North 89°34'46" West, 604.17 feet to the southeast corner of the hereinabove described Parcel 2 of Parcel Map 6332:

thence along the south line of said Parcel 2, North 89°34'46" West, 2581.06 feet to the point of beginning.

Containing 30.284 acres, more or less.

See Exhibit "B" (Plat) attached hereto and made a part hereof.

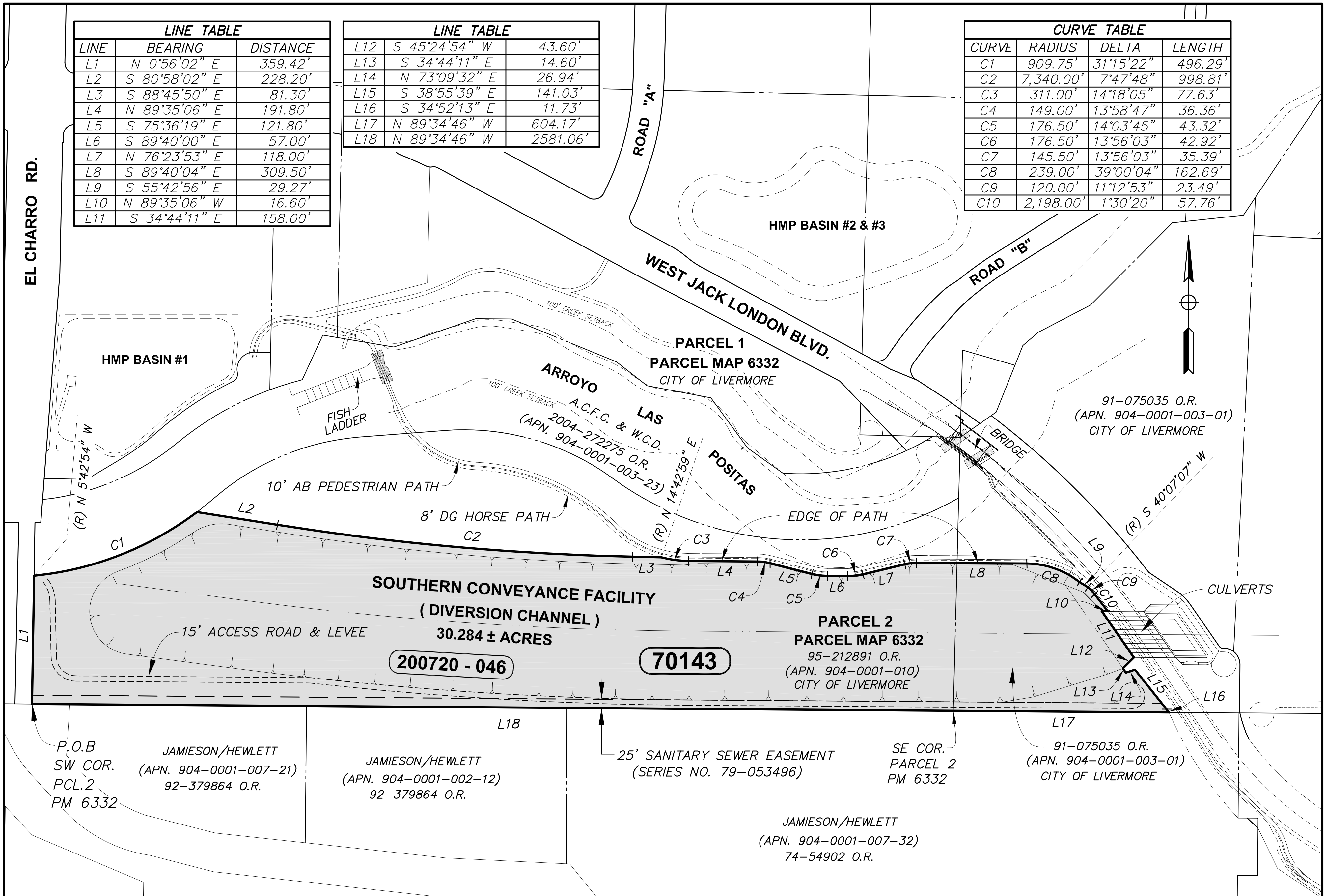
Lawrence K. Sampson — 10/05/11
Lawrence K. Sampson — Date
L.S. 4238, Exp. 6/30/12

LICENSED LAND SURVEYOR
LAWRENCE K. SAMPSON
Exp. 6/30/12
4238
STATE OF CALIFORNIA

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N 0°56'02" E	359.42'
L2	S 80°58'02" E	228.20'
L3	S 88°45'50" E	81.30'
L4	N 89°35'06" E	191.80'
L5	S 75°36'19" E	121.80'
L6	S 89°40'00" E	57.00'
L7	N 76°23'53" E	118.00'
L8	S 89°40'04" E	309.50'
L9	S 55°42'56" E	29.27'
L10	N 89°35'06" W	16.60'
L11	S 34°44'11" E	158.00'

LINE TABLE		
L12	S 45°24'54" W	43.60'
L13	S 34°44'11" E	14.60'
L14	N 73°09'32" E	26.94'
L15	S 38°55'39" E	141.03'
L16	S 34°52'13" E	11.73'
L17	N 89°34'46" W	604.17'
L18	N 89°34'46" W	2581.06'

CURVE TABLE			
CURVE	RADIUS	DELTA	LENGTH
C1	909.75'	31°15'22"	496.29'
C2	7,340.00'	7°47'48"	998.81'
C3	311.00'	14°18'05"	77.63'
C4	149.00'	13°58'47"	36.36'
C5	176.50'	14°03'45"	43.32'
C6	176.50'	13°56'03"	42.92'
C7	145.50'	13°56'03"	35.39'
C8	239.00'	39°00'04"	162.69'
C9	120.00'	11°12'53"	23.49'
C10	2,198.00'	1°30'20"	57.76'



CHECKED BY: LKS
DRAWN BY: HI
DATE: 10/4/11

CITY OF LIVERMORE CALIFORNIA
COMMUNITY DEVELOPMENT DEPARTMENT - ENGINEERING DIVISION

EXHIBIT "B"
PLAT TO ACCOMPANY DESCRIPTION
EL CHARRO - SOUTHERN CONVEYANCE FACILITY
FLOOD CONTROL AND WATER MANAGEMENT EASEMENT

RF-10104

Sheet 1
Of 1
Scale: **NONE**

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Administrative Services
CONTACT PERSON: John Yue

AGENDA DATE: December 21, 2011 ITEM NO. 5e

SUBJECT: Annual Report on Collection and Use of Development Fees

SUMMARY:

- This item reports the status of development impact fees held as of June 30, 2011 as required by AB 1600 and SB 1693, codified in California Government Code sections 66000, *et seq*. The fees accounted for in this report are Water Connection Fees, and Flood Protection and Storm Water Drainage Development Impact Fees.

- The Water Connection Fee and Flood Protection/Storm Water Drainage Fee are imposed to provide funding for projects that serve new development. Zone 7 maintains separate funds to account for each of these fees, allocates interest to each fund and accounts for expenditures for each separate project funded from these fees.

- The individual projects funded by the fees are reviewed and approved by the Board of Directors as part of the annual Capital Improvement Program. A detailed description of each project is available in the program document.

- The attached tables summarize the activities of the Water Connections Fees (accounted for under the Capital Expansion Fund 73) and Flood Protection and Storm Water Drainage Development Impact Fees (accounted for under Flood Protection/Drainage DIF Fund 76).

FUNDING:

There is no funding impact.

RECOMMENDED ACTION:

Adopt the attached resolution accepting the annual report on Collection and Use of Development Fees for the fiscal year ending June 30, 2011.

ATTACHMENTS:

Resolution
Annual Development Fees Report for the fiscal year ending June 30, 2011.

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

ACCEPTING THE ANNUAL REPORT ON COLLECTION AND USE OF DEVELOPMENT FEES

WHEREAS, California Government Code sections 66000-66006 implement Assembly Bill 1600 and Senate Bill 1693, which impose requirements for the collection and expenditure of development impact fees; and

WHEREAS, pursuant to Government Code section 66006, Zone 7 must issue an annual report relating to the development fees it imposes;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District hereby accepts the attached annual report of development fee revenues and expenditures for the fiscal year ending June 30, 2011.

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 December 21, 2011

By:____________________________________
President, Board of Directors

ZONE 7 WATER AGENCY
ANNUAL DEVELOPMENT FEE REPORT
For Fiscal Year Period Ending June 30, 2011

Capital Expansion Fund (73):

The water connection fee ordinance was adopted in 1972. The fees are used to fund water acquisitions and expansion to the Zone's water supply, treatment, and delivery systems. The connection charge per equivalent dwelling unit (5/8-inch meter) effective 01/01/09 through 12/31/10 was $21,550 and effective 01/01/11 through 6/30/11 was $22,230 . A separate charge for Dougherty Valley was $19,950 per connection for the period of 1/01/09 through 12/31/10 and $20,580 for 1/01/11 thru 6/30/11.

Account / Job Number and Description	Start-End Fiscal Year		Actual FYTD 6/30/2011
Revenue and Transfers In:			
4231 GRANT NONOPERATING REVENUE		$	297,173
4311 INTEREST FROM INVESTMENTS			296,215
4321 INTEREST FROM OTHER SOURCES			46,210
4411 CONNECTION FEES - TREATED			5,926,685
4412 CONNECTION FEES - DVSA			3,363,780
4614 PROJECT SPEC FEES			160
4814 DWR REFUNDS			1,571,415
4819 OTHER REVENUE			96,599
Total Revenue		$	11,598,236
Expeditures:			
51401 DWR -SWP (SBA capacity & fixed costs)	ongoing	$	3,495,147
51410 SWSD -WATER STORAGE AGREEMENTS	ongoing		95,858
Subtotal Water Expansion Agreements		$	3,591,005
55001 WATER CONNECTION FEE ADMIN	1972-ongoing		38,610
55003 LOW FLOW TOILET REBATE(41% from Job 52909)	1997-ongoing		26,927
55010 GENERAL PLANNING	1995-ongoing		150,610
55037 SO BAY AQUEDUCT ENLARGEMENT Phase II	2002-36		9,258,881
55043 CUWA MEMBERSHIP & TECHNICAL STUDIES	2004-ongoing		27,000
55048 NORTH CANYONS ADMIN/ENG BUILDING LEASE (35%)	2005-20		396,868
55050 CIP MANAGEMENT (75% from Job 52916)	2006-ongoing		55,444
55052 HABIT CONSERV PLAN-DELTA WTRSHED (50% 55504)	2006-12		19,294
55053 DELTA OUTREACH (50% from 55505)	2006-12		16,597
55054 WATER QUAL MGMT IMPLEMENT PLAN (36% 52917)	2007-ongoing		8,220
55056 E. ALAMEDA COUNTY CONSERV STRATEGY(80% fr 61904)	2007-12		32,322
55060 2010 WATER SYSTEMS PLANNING (65% fr 52922)	2010-12		208,364
Subtotal General		$	10,239,137
55106 CAWELO WD GROUNDWATER BANKING PROJ	2003-36		1,295,978
Subtotal Water Transfer Projects		$	1,295,978
55300 WATER CONSRV PLAN (25% from Job 52905)	1995-ongoing	$	9,539
55302 WATER CONSRV EDUC MAT (25% from 52907)	1995-ongoing		63
55303 WASHER REBATE PG (25% from Job 52908)	1997-ongoing		84,391
Subtotal Water Conservation Projects		$	93,993

ZONE 7 WATER AGENCY
ANNUAL DEVELOPMENT FEE REPORT
For Fiscal Year Period Ending June 30, 2011

Capital Expansion Fund (73) continued:

Account / Job Number and Description	Start-End Fiscal Year		Actual FYTD 6/30/2011
55425 WELLHEAD DEMIN PHASE I & II (50% from 52915)	2004-11-closed		43,138
55426 CHAIN OF LAKES WELLFIELD	2007-12		58,021
55430 BAY AREA DESALINATION FEASABILITY STUDY (65% fr 52923)	2010-12		32,475
55431 CAMP PARK/ TEST WELL	2011-12		4,202
Subtotal Well Field Expansion Projects		$	137,836
55603 ALTAMONT WTP AND ALTAMONT PIPELINE	2002-16		15,460
55613 ALTAMONT WATER TREATMENT PLANT	2007-16		2,451
55614 ALTAMONT PIPELINE - LIVERMORE REACH	2007-11		105,210
55615 PPWTP IMPROVEMENTS PROJ (36% from 52919)	2007-11-closed		1,353
55616 ALTAMONT PIPELINE - COUNTY REACH	2008-15		44,714
Subtotal Treatment Plant Expansion Projects		$	169,187
57101 CEQA LK H DIVERT (cost share f/88305)	2001-11	$	21,223
57102 LAKES H,I, and COPE LAKE MGMT PLAN	2000-30		68,709
57104 CHAIN OF LAKES MASTER PLAN	2005-11		38,626
57105 LGA GRANT - HYDRO INVESTIGATION OF COL	2010-11-closed		283,007
57106 COPE LAKE FACILITIES PROJECT	2011-12		88,009
Subtotal Chain of Lakes		$	499,573
Total Expenditure		$	16,026,708
Excess Revenue Over (Under) Expense		$	(4,428,472)
Encumbrances, Commitments, and Reserves FYTD		$	9,530,426
3510 BEGINNING FUND BALANCE		$	29,274,938
AUDIT ADJUSTMENT END OF FISCAL YEAR		$	-
AVAILABLE END OF FISCAL YEAR FUND BALANCE		$	15,316,040

development fees report 06-2011.xls 11/30/11

ZONE 7 WATER AGENCY
ANNUAL DEVELOPMENT FEE REPORT
For Fiscal Year Period Ending June 30, 2011

Flood Protection and Storm Water Drainage Development Impact Fees Fund (76):

The flood protection and storm water drainage development impact fee ordinance was adopted in 2009 (Zone 7 Ordinance No. 2009-01). Revenues collected are authorized to be used for the acquisition, construction, engineering and improvement of the flood protection and/ or storm water drainage elements of the SMMP of Zone 7, or to reduce the principal or interest of any bonded indebtedness thereof. Effective 5/18/09, all funds in the SDA Operations Fund (71) and SDA 7-1 Trust Fund (90) were transferred to the Flood Protection and Storm Water Drainage Development Impact Fee Fund and all outstanding SDA 7-1 Reimbursement Agreements were assigned to and assumed as obligations payable from the Flood Protection and Storm Water Drainage Development Impact Fee Fund. The fee schedule effective through 12/31/2010 was set at $0.87 per square foot of impervious surface created. The fee schedule effective 01/01/2011 through 06/30/2011, was set at $0.96 per square foot of impervious surface created.

Account / Job Number and Description		Start-End Fiscal Year		Actual FYTD 6/30/2011
Revenue and Transfers In:				
4311	INTEREST FROM INVESTMENTS		$	190,663
4431	FLOOD PROTECTION/ STORM DRAINAGE DIF		$	3,165,949
Total Revenue and Transfers In			$	3,356,612
Expenditures:				
61000	SDA 7-1 GENERAL ADMINISTRATION	ongoing	$	23,168
61145	STREAMWISE (70% fr 61902)	2001-11		160,770
61154	NORTH CANYONS ADMIN/ENG BUILDING LEASE (10%)	2005-20		113,391
61156	CIP MANAGEMENT (5% fr 52916)	2006-ongoing		3,696
61157	FLOW STUDIES-STEELHEAD RESTORATION (50% fr 61903)	2007-11		23,578
61158	E. ALAMEDA COUNTY CONSERV STRATEGY (10% fr 61904)	2007-11		4,040
61159	FLOOD CONTROL HYDROLOGY STUDY	2011-2011 (closed)		700
61160	FLOOD CONTROL HYDROLOGY STUDY (41% fr 61905)	2011-2012		215,176
61161	SEDIMENT STUDY-SFEI 2010 (41% fr 61906)	2011-2015		71,240
Total Expenditures			$	615,759
Excess Revenue Over (Under) Expense			$	2,740,853
Commitments and Reserves (including encumbrances) FYTD			$	7,124,171
3510	**BEGINNING FUND BALANCE**		$	34,074,065
AVAILABLE END OF FISCAL YEAR FUND BALANCE			$	29,690,747

development fees report 06-2011.xls 10/11/11

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: EMPLOYEE SERVICES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: December 21, 2011 ITEM NO. 6a

SUBJECT: New Employee Introduction

SUMMARY:

We are introducing one new employee to the Board of Directors who joined the Zone 7 team since our last Board meeting.

Gregory Brock, Water Plant Operator III

New employee Greg Brock joined Zone 7 on Monday, November 14, 2011, as a Water Plant Operator III working for the Operations Section at the Del Valle Water Treatment Plant. He comes to Zone 7 with over 10 years of water and wastewater plant operations, maintenance, and supervisory experience at various agencies, most recently at the State's California Medical Facility in Vacaville. Greg received his Bachelor's degree in Biological Science from Cal State Sacramento and holds a Hazardous Materials Management certificate from UC Davis. He is currently certified as a T5 water treatment operator by the State of California Department of Public Health.

Please join us in welcoming Greg to the Zone 7 team!

RECOMMENDED ACTION:

Information only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: EMPLOYEE SERVICES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: December 21, 2011 ITEM NO. 6b

SUBJECT: Employee of the Month Recognition

SUMMARY:

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

Dan Tobias, Water Plant Operator III, has been chosen from among those nominated as the October 2011 Employee of the Month. Dan has worked in the Operations Section for over 18 years. According to the recommendation the committee received, Dan's knowledge and experience at the water treatment plants and in the distribution system allow him to anticipate water demands, to recognize potential problems and to resolve them before they actually become issues. Dan was complimented for his ability to manage his time which enables him to get all the tasks done that need to be done each day. Dan takes his job seriously and with good humor making him a pleasure to work with. According to the individual who made this nomination, Dan is well respected and is a great mentor for new operators.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Dan Tobias as October 2011 Employee of the Month.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

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

ORIGINATING SECTIONFLOOD CONTROL ENGINEERING
CONTACT: JOE SETO/JEFF TANG

AGENDA DATE: December 21, 2011 ITEM NO. 7

SUBJECT: Ordinance 2012-01 - Flood Protection and Storm Water Drainage Development Impact Fee

SUMMARY:

- Zone 7's Board of Directors adopted Ordinance 2009-01, which established the Flood Protection and Storm Water Drainage Development Impact Fee (DIF) on March 18, 2009.
- The Ordinance prescribed the assessment of a DIF for developments creating new impervious surfaces as part of their projects.
- The DIF is used to fund future projects identified in the Stream Management Master Plan (SMMP) which was approved by the Zone 7 Board on August 16, 2006.
- Ordinance 2010-01, adopted on March 17, 2010, amended the fee schedule of Ordinance 2009-01 and limited the annual DIF adjustments through 2012.
- Zone 7 staff will initiate a collaborative re-evaluation and update of the SMMP in early 2012 that will address future adjustments to the DIF.
- With the state of the local economy slowly recovering and Zone 7 staff presently re-evaluating the SMMP and its components, a deferment of the DIF adjustment is proposed.
- Staff recommends the Board amend the DIF Schedule in Ordinance 2010-01 by adopting Ordinance 2012-01 to delete the specified 2012 DIF increase scheduled to be effective January 1, 2012 and maintain the existing 2011 DIF of $1.00 per square foot of new impervious surface created.

FUNDING:
Revenue collected from the new Flood Protection and Storm Water Drainage Impact fees will be deposited into the Flood Protection and Storm Water Drainage Development Impact Fee Fund – Fund 76.

RECOMMENDED ACTIONS:
No action required. Consider proposed Ordinance, hold public hearing and continue the item to January 18, 2012 for adoption.

ATTACHMENTS:
Draft Ordinance

ORDINANCE NO. 2012-01

AN ORDINANCE OF ALAMEDA COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT, ZONE 7 AMENDING FLOOD PROTECTION AND STORM WATER DRAINAGE DEVELOPMENT IMPACT FEE SCHEDULE

BE IT ORDAINED by the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District ("Zone 7"), that an ordinance amending the Agency flood protection and storm water drainage development impact fee is hereby adopted to read as follows:

SECTION 1: BACKGROUND, PURPOSE AND AUTHORITY.

On March 17, 2010, the Zone 7 Board of Directors adopted Ordinance No. 2010-01 to amend the Flood Protection and Storm Water Drainage Development Impact Fee Schedule ("Schedule"). In approving the Schedule, Zone 7 approved an escalating Development Impact Fee with graduated increases to take effect on January 1st of each year from 2011 through 2012. (See Ordinance No. 2010-01, Appendix A)

The purpose of this ordinance is to amend the Schedule by deleting the increase that was approved to take effect on January 1, 2012, and to maintain the 2011 fee for 2012.

This ordinance is enacted pursuant to Section 12.1 of the Alameda County Flood Control & Water Conservation District Act and other applicable law.

SECTION 2: FEE SCHEDULE AMENDMENT.

Appendix A of Ordinance No. 2010-01 is hereby amended to read as shown on Appendix A – Revised, which is attached hereto and incorporated herein.

SECTION 3. EFFECTIVE DATE.

This ordinance shall take effect 30 days following the date of adoption by the Zone 7 Board of Directors.

SECTION 4. POSTING.

Within 15 days from the date of passage of this ordinance, the Clerk of the Zone 7 Board shall post a copy of it in at least three public places within the Zone 7 Service Area.

Adopted by the Board of Directors of the Alameda County Flood Control & Water Conservation District, Zone 7 on the ___ day of ___________ 2012 by the following roll call vote:

AYES:

NOES:

ABSENT:

EXCUSED:

____

Sandy Figuers, President of the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District

____

Judy Rector, Secretary of the Board of Directors

APPENDIX A – REVISED
OF ORDINANCE NOS. 2010-01 & 2012-01

ZONE 7 FLOOD PROTECTION AND STORM WATER DRAINAGE
DEVELOPMENT IMPACT FEE SCHEDULE

1. The flood protection and storm water drainage development impact fee payable by each Developer of a Development Project within the Zone 7 Service Area shall be equal to the product of the number of square feet of impervious surface created (as determined pursuant to Ordinance No. 2009-01) and $0.96 per square foot (2009 dollars).

2. In addition to the Fee set forth above, on January 1 of each calendar year, the scheduled Fees may also be adjusted by Board Resolution in accordance with any increase in the Engineering News Record (ENR), Construction Cost Index (CCI), based on the percent increase between December 2009 and December of the current year. Beginning January 1, 2012, the total fee shall remain at the 2011 level of $1.00 per square foot.

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

ORIGINATING SECTION: IP
CONTACT: ELKE RANK

AGENDA DATE: December 21, 2011 ITEM NO. 8

SUBJECT: PATTERSON PASS WATER TREATMENT PLANT SANITARY SEWER PIPELINE PROJECT – CEQA COMPLIANCE

SUMMARY:

- The current septic system at the Patterson Pass Water Treatment Plant is nearing the end of its useful life. The pipeline will also serve to dispose of neutralized citric acid washwater that is produced at the Ultra-Filtration (UF) Plant.
- The proposed activities include (1) installing a new sewer pipeline, mainly within Patterson Pass Road, to connect to the existing City sewer system at Greenville Road, and (2) removing and disposing of the existing septic system at PPWTP.
- The Project is located in unincorporated Alameda County. Work will be conducted primarily within Patterson Pass Road, between Greenville Road and the PPWTP facility.
- Pursuant to the California Environmental Quality Act (CEQA), an Initial Study and Draft Mitigated Negative Declaration (IS/MND) was prepared and distributed for public comment for 30 days. The notice was mailed on November 4 to neighbors and interested parties.
- The analysis identified potentially significant impacts in the following resource areas: biology; air quality; hydrology/water quality; and noise. All of these potential impacts would be temporary (occurring during construction only) and mitigation measures would reduce all of these potential impacts to levels that are considered less than significant.
- No formal public comments were received.
- The proposed final IS/MND presented to the Board for adoption includes two minor changes from the public review draft, resulting from informal inquiries on the project.

RECOMMENDED ACTION:
Adopt the attached resolution which will adopt and certify the Final Initial Study / Mitigated Negative Declaration, adopt the mitigation monitoring and reporting program, and approve the Patterson Pass Water Treatment Plant Sanitary Sewer Pipeline Project.

ATTACHMENTS:
Staff memo providing additional background and discussion on agenda item
Final IS/MND
Resolution

Interoffice Memo

Date: December 21, 2011
To: Jill Duerig, General Manager
From: Elke Rank, Assistant Water Resources Planner
Subject: Patterson Pass Water Treatment Plant Sanitary Sewer Pipeline Project – CEQA compliance

SUMMARY:

The current septic system at the Patterson Pass Water Treatment Plant (PPWTP) is nearing the end of its useful life. A replacement septic tank system, or a new connection to the City sewer system, will accommodate sewage generated at the facility. Zone 7's Wastewater Management Plan for this part of the County generally encourages rural landowners and facilities to connect to sewer systems rather than use septic systems (policies A1 and B1). Therefore, a new sewer pipeline connection was preferable to replacing the septic system.

The pipeline will also serve to dispose of neutralized citric acid washwater that is produced at the Ultra-Filtration (UF) Plant. Depending on the concentration, recycling this washwater onsite can cause treatment upsets at the conventional Plant, and therefore the washwater must at times be hauled offsite to a sewer treatment facility for disposal. The proposed pipeline, along with the agreement with the City of Livermore to accept this waste, will resolve this operational issue.

Pursuant to the California Environmental Quality Act (CEQA), an Initial Study and draft Mitigated Negative Declaration (IS/MND) was prepared. Several potentially significant impacts were identified, all of which can be mitigated to a level that is considered less than significant.

CEQA requires a 30 day public review period for IS/MND documents, which was completed between November 4, 2011 and December 5, 2011. The IS/MND was mailed to neighbors and interested parties on November 4, 2011, and was made available at a local library in Livermore. Zone 7 placed a notice of availability in the Valley Times newspaper, and posted the document on our website.

The December 21 Board Meeting serves as a public forum to hear any additional public comments. The Board must take into consideration all public comments before making a decision to adopt the IS/MND.

BACKGROUND:

Proposed Project. The proposed activities include (i) installing a new sewer pipeline to connect PPWTP to the existing City sewer system, and (ii) removing and disposing of the existing septic system at PPWTP. Construction would last approximately four months (February to June), including approval process and fabrication of concrete vaults and manholes. Traffic on Patterson Pass Road is expected to be maintained at all times.

Project Location. The Project is located in unincorporated Alameda County, starting approximately 1 mile east of Livermore, CA and ending at approximately the City of Livermore border. Work will be conducted primarily within Patterson Pass Road, between Greenville Road and the PPWTP facility at

8750 Patterson Pass Road (see Figure 1). Patterson Pass Road is managed by the County of Alameda Public Works Agency.

CEQA Approval. Zone 7 acts as the lead agency for its projects subject to the California Environmental Quality Act (CEQA). Zone 7 prepared this IS/MND to provide information about the potential environmental effects of the proposed Project.

Pursuant to CEQA, the purpose of an Initial Study is to:

- determine whether the project may have a significant effect on the environment. (i.e. whether an Environmental Impact Report [EIR] or Negative Declaration should be prepared);
- identify measures that mitigate project impacts to a less than significant level (Mitigated Negative Declaration);
- define the scope of the EIR, if one is required;
- justify lead agency's decision to adopt a Negative Declaration, if one is prepared; and
- determine whether to rely on a previously prepared EIR.

A public agency shall prepare a proposed (Mitigated) Negative Declaration for a project subject to CEQA when:

- the Initial Study shows that there is no substantial evidence, in light of the whole record before the agency, that the project may have a significant effect on the environment, or
- the Initial Study identifies potentially significant effects, but:
    - revisions in the project plans or proposals made by, or agreed to by the applicant before a proposed mitigated negative declaration and initial study are released for public review would avoid the effects or mitigate the effects to a point where clearly no significant effects would occur, and
    - there is no substantial evidence, in light of the whole record before the agency, that the project as revised may have a significant effect on the environment.

Further, CEQA requires that, as the Lead Agency, Zone 7 establish a program to monitor and report on measures adopted as part of the environmental review process to reduce, eliminate or avoid potentially significant effects on the environment. The Mitigation Monitoring and Reporting Program (MMRP) for the Project is designed to ensure that the mitigation measures identified in the IS/MND for the project are implemented and monitored appropriately.

DISCUSSION:

Environmental Impacts. The results of the Initial Study indicate that there are no unavoidable significant impacts. The Initial Study found ***potentially significant impacts*** that can be mitigated to a level that is less than significant, as follows:

- Potentially significant impacts to <u>air quality</u> mitigated by dust abatement measures as well as measures to reduce exhaust emissions.

- Potentially significant impacts to biological resources mitigated by exclusion fencing around a wetted drainage, and pre-construction bird nest surveys.
- Potentially significant impacts to hydrology and water quality mitigated by BMPs and a stormwater pollution protection plan.
- Potentially significant impacts to noise mitigated by daily time limits on noise-generating construction activities, as City/County permits allow.

Public Comments. No public comment letters were received.

Proposed Final IS/MND. Following the public comment period, the lead agency must consider all comments received, prepare written responses to comments, and prepare a proposed Final IS/MND.

No public comment letters were received, and therefore no changes to the draft IS/MND were required.

However, as a result of a conversation with the Department of Fish and Game, a minor change to the biological resources section was made to include a brief discussion of burrowing owls and also to incorporate a pre-construction survey for this species. Because a pre-construction survey for other bird nests had already been included as a mitigation measure, the addition of this species to the survey is a negligible change in terms of project schedule and budget.

A small addition to the project description was also made to clarify that the pipeline would also be used to dispose of neutralized citric acid from the Water Treatment Plant. This was a point of clarification only and required no additional changes or analysis in the IS/MND.

Next steps. Following adoption by the Board, a Notice of Determination will be prepared within 5 days. There is a required 30-day public protest period following the filing of the Notice of Determination, during which time a person or agency may challenge the approval of the project. It is advisable, but not required, to wait these 30 days before initiating construction.

RECOMMENDED ACTION:

Adopt the attached resolution which will adopt and certify the Final Initial Study / Mitigated Negative Declaration, adopt the mitigation monitoring and reporting program, and approve the Patterson Pass Water Treatment Plant Sanitary Sewer Pipeline Project.

Figure 1. Project Location: Project shown in green (pipeline) and yellow (septic system to be removed)

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

RESOLUTION APPROVING AND ADOPTING A MITIGATED NEGATIVE DECLARATION FOR THE PATTERSON PASS WATER TREATMENT PLANT SANITARY SEWER PIPELINE PROJECT; ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM; AND APPROVING THE PROJECT

WHEREAS, as CEQA Lead Agency, Zone 7 staff determined that the Project is considered a "project" pursuant to the requirements of CEQA and prepared an Initial Study (IS) to determine possible environmental impacts; and

WHEREAS, on the basis of the IS, which indicated that all potential environmental impacts from the Project were less than significant or could be mitigated to a level of insignificance, Zone 7 staff determined that a Mitigated Negative Declaration (MND) should be prepared as well as a Mitigation Monitoring and Reporting Program; and

WHEREAS, the IS/MND has been prepared in accordance with the California Environmental Quality Act, and it has been determined that said project would not have a significant adverse impact on the environment after implementation of mitigation measures; and

WHEREAS, Zone 7 solicited public comments, and has responded to those comments in the Final IS/MND. The responses to comments, in combination with the IS/MND, constitute the Final IS/MND.

NOW, THEREFORE, THE ZONE 7 BOARD OF DIRECTORS DO HEREBY RESOLVE AND CERTIFY AS FOLLOWS:

1. **Compliance with the California Environmental Quality Act**. As the decision-making body for the Project, Zone 7 has reviewed and considered the information contained in the IS/MND and administrative record for the Project including all oral and written comments received during the comment period. The Board of Directors finds that the IS/MND contains a complete and accurate reporting of the environmental impacts associated with the Project. The Board of Directors further finds that the IS/MND and the administrative record have been completed in compliance with CEQA and the State CEQA Guidelines.

2. **Findings on Environmental Impacts.** Based on the IS/MND and the administrative record including all written and oral evidence presented to the Board of Directors, the Board of Directors finds that all environmental impacts of the Project are either insignificant or can be mitigated to a level of insignificance pursuant to the mitigation measures outlined in the IS/MND and the Mitigation and Monitoring and Reporting Program. The Board of Directors further finds that there is no substantial evidence in the administrative record supporting a fair argument that

the Project may result in significant environmental impacts. The Board of Directors finds that the IS/MND contains a complete, objective and accurate reporting of the environmental impacts associated with the Project and reflects the independent judgment and analysis of Zone 7.

3. **Adoption of Mitigated Negative Declaration.** The Board of Directors hereby approves and adopts the MND.

4. **Adoption of Mitigation Monitoring and Reporting Program.** The Board of Directors hereby approves and adopts the Mitigation Monitoring and Reporting Program prepared for the Project.

5. **Changes to the Public Review Draft.** Small changes were made to the draft IS/MND. Specifically, Mitigation Measure BIO-3 was improved to specifically include burrowing owl surveys. The Board of Directors hereby finds that this revised mitigation is considered more effective than originally proposed and will itself not cause an adverse effect on the environment.

6. **Approval of Project.** The Board of Directors hereby approves the Project as described in the IS/MND and authorizes staff to complete the final design plans, permitting as necessary, and construction of the Project.

7. **Notice of Determination.** The Board of Directors directs staff to file a Notice of Determination with the Alameda County Clerk within five (5) working days of approval of the Project.

8. **Custodian of Records.** The documents and materials that constitute the record of proceedings on which these findings have been based are located at Zone 7 of Alameda County Flood Control and Water Conservation District, 100 North Canyons Parkway, Livermore, California 94551. The custodian for these records is the General Manager of Zone 7.

9. **Execution of the Resolution.** The President of the Board of Directors shall sign and certify this resolution.

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

December 21, 2011

By ______________________

President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Administrative Services
CONTACT PERSON: John Yue

AGENDA DATE: December 21, 2011 ITEM NO. 9

SUBJECT: Independent Auditor's Report and Annual Financial Statements for Fiscal Year Ending June 30, 2011

SUMMARY:

- Maze and Associates conducted an independent financial audit of Zone 7 for the fiscal year ending June 30, 2011.
- The audit was conducted in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
- The audit concluded that: (1) the financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Alameda County Flood Control and Water Conservation District - Zone 7 at June 30, 2011, and the respective changes in the financial position and cash flows for the year; (2) the accounting is in conformity with generally accepted accounting principles in the United States of America; and (3) the internal controls are adequate.
- The audit findings and an overview of the financial statements were presented to the President of the Board in a publicly-noticed meeting on November 28, 2011.

FUNDING:

There is no funding impact.

RECOMMENDED ACTION:

Adopt the attached resolution accepting the Independent Auditor's Report and Annual Financial Statements for Fiscal Year Ending June 30, 2011.

ATTACHMENTS:

Resolution
Basic Financial Statements - Year Ending June 30, 2011
Memorandum on Internal Control and Required Communications - Year Ending June 30, 2011.

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, Maze and Associates performed an independent audit of the financial statements for the fiscal year ending June 30, 2011 of Alameda County Flood Control & Water Conservation District - Zone 7; and

WHEREAS, Maze and Associates opined that the basic financial statements present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District - Zone 7 at June 30, 2011, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of Alameda County Flood Control & Water Conservation District hereby accepts the attached independent auditor's report, basic financial statements and supplementary information for the fiscal year ending June 30, 2011.

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 December 21, 2011

By:________________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD AND
WATER CONSERVATION DISTRICT – ZONE 7

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2011

PREPARED BY THE
FINANCE AND MANAGEMENT
SERVICES DEPARTMENT

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ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT– ZONE 7
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alameda County Flood Control and
Water Conservation District – Zone 7
Livermore, California

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District – Zone 7, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, financial statements and our report dated September 23, 2010, in which we expressed an unqualified opinion.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District – Zone 7 at June 30, 2011, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As described in Note 5, the District implemented the provisions of *Governmental Accounting Standards Board Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*.

Management's Discussion and Analysis is required by the Governmental Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

Maze + Associates

September 21, 2011

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Alameda County Flood Control and Water Conservation District – Zone 7
Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011

This section presents a narrative overview and analysis of Zone 7's financial activities for the fiscal year ended June 30, 2011. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- Zone 7's total assets exceeded its liabilities at the close of this fiscal year by $372 million. Net assets from governmental activities are $77.3 million and Business-Type activities are $294.7 million.
- Net assets increased by $176,500 or 0.05% over the prior fiscal year's close. Governmental activities increased $4.7 million, while Business-Type activities decreased $4.5 million.
- Total Zone 7 Expenses increased $4.1 million or 6.5% over the prior year to $66.2 million.
- Total Zone 7 Revenues decreased $4.1 million or 5.7% from the prior year to $66.4 million.
- Water Sales Revenues in the Business-Type Funds increased $1million or 3.2% to $31.9 million.
- The Altamont Pipeline – Livermore Reach for $32,425,137, the Mocho Groundwater Demineralization Plant for $33,751,752, the Chain of Lakes Wells 1 and 2 for $15,102,829, and the Patterson Pass Water Treatment Plant (PPWTP) improvement project for $1,304,438 were capitalized from the Business-Type Funds.
- Construction in Progress at fiscal year-end include the Altamont Water Treatment Plant, Site Acquisition and Pipeline Projects for $18,092,939, the Arroyo Mocho/Lake H Diversion for $308,314, Santa Rita Pipeline Relocation for $126,589, PPWTP sewer line for $120,802, the Chain of Lakes Wells 3 & 4 for $105,671, the Cope Lake Facilities project for $62,037, and the Del Valle Water Treatment Plant Chemical System and Parking Lot Improvements for $7,137.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to Zone 7's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Zone 7-wide financial statements

The Zone 7-wide financial statements are designed to provide readers with an overview of Zone 7's finances, in a manner similar to private-sector business. The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Zone 7 is improving or deteriorating. The statement of activities presents information showing how Zone 7's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide statements distinguish functions of Zone 7 that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Zone 7 include Flood Control and Flood Protection. The business-type activities of include the Water Enterprise.

The government-wide financial statements can be found on pages 9 of this report.

Fund financial statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. Zone 7, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Zone 7's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental funds

Flood Control (General) and Flood Protection services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed near-term view of Zone 7's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance Zone 7's programs.

The basic governmental fund financial statements can be found on pages 12 of this report.

Proprietary funds

Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Enterprise activities, which include the State Water Project, Water Sales, Capital Improvement Renewal & Replacement, Capital Expansion, Water Facilities Trust and Water Supply Trust, are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Net Activities, using the accrual method of accounting.

The basic proprietary fund financial statements can be found on pages 18 of this report.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Zone 7's assets exceeded liabilities by $372 million at June 30, 2011.

The largest portion of Zone 7's net assets, $223.3 million or 60% reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending. While the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Zone 7
Net Assets
June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	$63,075,901	$58,322,304	$118,731,001	$120,789,879	$181,806,902	$179,112,183
Capital assets	14,479,216	14,661,865	210,061,388	214,245,244	224,540,604	228,907,109
Total assets	77,555,117	72,984,169	328,792,389	335,035,123	406,347,506	408,019,292
Liabilities:						
Current liabilities	233,000	327,148	3,612,865	5,367,003	3,845,865	5,694,151
Long-term liabilities	0	0	30,500,000	30,500,000	30,500,000	30,500,000
Total liabilities	233,000	327,148	34,112,865	35,867,003	34,345,865	36,194,151
Net assets:						
Invested in capital assets net of related debt	14,479,216	14,661,865	208,841,658	214,245,244	223,320,874	228,907,109
Unrestricted-Designated	58,914,899	57,518,054	79,436,419	83,068,988	138,351,318	140,587,042
Unrestricted	3,928,002	477,102	6,401,447	1,853,888	10,329,449	2,330,990
Total net assets	$77,322,117	$72,657,021	$294,679,524	$299,168,120	$372,001,641	$371,825,141

Zone 7
Changes in Net Assets
June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Charges for services	$3,178,719	$1,178,982	$31,879,951	$30,887,925	$35,058,670	$32,066,907
Grants and other contributions	53,229	54,264	444,139	808,207	497,368	862,471
Other program revenues	21,626	23,928	23,991,982	30,443,571	24,013,608	30,467,499
General revenues						
Property taxes	5,745,003	5,918,281			5,745,003	5,918,281
Investment earnings and other	345,843	428,861	735,257	713,341	1,081,100	1,142,202
Total Revenues	9,344,420	7,604,316	57,051,329	62,853,044	66,395,749	70,457,360
Expenses:						
General government	4,063,566	3,547,907			4,063,566	3,547,907
Flood protection	615,758	561,339			615,758	561,339
Special drainage area operations						0
State Water Project			10,670,494	8,787,104	10,670,494	8,787,104
Cost of w ater sales			30,572,172	30,849,943	30,572,172	30,849,943
Facility use fees - capital improvement projects			4,443,284	5,328,142	4,443,284	5,328,142
Water connection fees - capital expansion			15,853,975	13,079,370	15,853,975	13,079,370
Total Expenses	4,679,324	4,109,246	61,539,925	58,044,559	66,219,249	62,153,805
Increase/(decrease) in net assets before transfers	4,665,096	3,495,070	(4,488,596)	4,808,485	176,500	8,303,555
Transfers						
Extraordinary item						0
Change in net assets	4,665,096	3,495,070	(4,488,596)	4,808,485	176,500	8,303,555
Net assets-beginning	72,657,021	69,161,951	299,168,120	294,359,635	371,825,141	363,521,586
Net assets-ending	$77,322,117	$72,657,021	$294,679,524	$299,168,120	$372,001,641	$371,825,141

Zone 7's net assets increased by $176,500 during the fiscal year ended June 30, 2011. Total revenue was $66.4 million and is offset by total expenses, including transfers, of $66.2 million.

Governmental activities

Net assets in Zone 7's flood control governmental activities increased by $4.7 million. Total revenues were $9.3 million while total expenses amounted to $4.7 million.

Revenues: Charges for services increased $2.0 million from the prior year mainly due to an increase in the number of impervious area applications and an annual adjustment to the Flood Protection and Storm Water Drainage Development Impact Fee (DIF) of $1.00 or 13.77% for 2011 over the prior year's fee of $0.879 per square foot of impervious surface created. Other program revenues decreased slightly from the prior year for fees and permits activities. Property taxes decreased $0.2 million, or 2.9% because of lower total assessed value and higher delinquencies. Investment earnings and other decreased $0.08 million, or 19.4%, because of considerably lower earnings rates due to the economic downturn.

Expenses: General government increased $0.5 million, or 14.5% mainly because of increased professional services. Flood protection decreased $0.05 million, or 9.7%. There is no change for transfers.

Business-type activities

Net assets in Zone 7's water enterprise business-type activities decreased by $4.5 million with total revenues of $57.1 million less total expenses including transfers of $61.5 million.

Revenues: Charges for services increased $1 million or 3.2% over the prior year as a result of a water rate increase offset by lower volume of water sold. Grants and other contributions decreased $0.4 million from the prior year due to receipt of State grants for the Mocho Demineralization project in the prior year. Other program revenues decreased $6.5 million from the prior year. Investment earnings and other increased slightly.

Expenses: State water project costs increased $1.9 million or 21.4% because of increased from expenses incurred by the State. Cost of water sales decreased $0.3 million or 0.9% because of the decrease in water treatment related costs due to a lower volume of surface water. Facility use fees – capital improvement projects decreased $0.9 million or $16.6% because larger projects were completed in the prior year and fewer projects were initiated in the current year. Water connection fees – capital expansion projects increased $2.8 million or 21.2% mainly due to the South Bay Aqueduct Enlargement/Improvement Project increased costs. No Transfers were made in the current year.

Governmental funds

As of the end of the fiscal year ended June 30, 2011, Zone 7's governmental funds reported combined ending fund balances of $62.8 million, an increase of $4.8 million or 8.4 % as compared to the prior year. Fund balances are classified in accordance with Governmental and Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. Out of the total fund balance of $62.8 million; $10.1 million is reserved for encumbrances; $30.5 million is committed, which have constraints imposed by formal action of the Board and may be altered only by formal action of the Board; $14.1 million is assigned, which are constrained by management's intent to be used for a specific purpose, but are neither restricted nor committed; and $8.1 million is unassigned, which are not restricted, committed, or assigned and are available for spending. Long term liabilities remain at $0 reflecting no debt.

Proprietary funds

Zone 7's proprietary fund statements provide the same type of information as is found in the government-wide financial statements. The net assets for the enterprise decreased by $4.5 million or 1.5%. Net assets invested in capital assets net of related debt decreased $5.4 million primarily due to the increase in accumulated depreciation. There is no change in long-term liabilities.

Governmental Funds Budgetary highlights

A comparative budgetary statement for the Zone's general governmental funds (General Fund) follows:

	Final Budgeted Amounts	Actual Amounts	Budget Variance June 30, 2011	June 30, 2010
Resources (inflows):				
Taxes	$5,105,203	$5,745,003	$639,800	($237,219)
Intergovernmental	54,000	53,229	(771)	(336)
Charges for services	20,000	12,771	(7,229)	(18,922)
Interest and rentals	317,000	155,180	(161,820)	(543,257)
Other	16,600	21,626	5,026	13,928
Amounts available for appropriation	5,512,803	5,987,809	475,006	(785,806)
Charges to appropriations (outflows):				
Salaries and benefits	1,112,161	1,615,463	(503,302)	(6,310)
Services and supplies	8,876,100	2,265,454	6,610,646	2,893,453
Total changes to appropriations	9,988,261	3,880,917	6,107,344	2,905,643
Excess of resources over charges to appropriations	(4,475,458)	2,106,892	6,582,350	2,119,837
Fund balance allocations	4,475,458	0	(4,475,458)	720,336
Excess of resources over charges to appropriations	$0	$2,106,892	$2,106,892	$2,840,173

Zone 7's actual general fund revenues over-realized its budgeted fiscal year 2011 revenues by $475,006 or 8.6%. Approximately $639,800 or 12.5% in taxes budgeted for fiscal year 2011 was higher than anticipated due to conservative budget estimates. Interest and rentals revenue were $161,820 below budget due to the considerably lower earnings rate resulting from the economic downturn.

Variations between budget and actual expenditures in the general fund reflect overall expenditures less than the adjusted budget by $6.1 million or 157.4%. The lower expenditures were mainly because of an additional appropriation of $4.3M for the El Charro Specific Plan, which wasn't spent.

Capital assets and debt administration

A summary of changes in Capital Assets, Proprietary Enterprise Fund and Governmental General Fund, can be found on pages 30. Highlights include capitalizing the Mocho Groundwater Demineralization facility and the Chain of Lakes Wells 1 & 2 and the Construction in Progress mentioned above in the Financial Highlights. Further detail of Capital Assets as of June 30, 2011 can be found under Note 3.

At the end of the current fiscal year, Zone 7 had long-term obligations outstanding of $30.5 million. In the prior year, a draw of $30,500,000 from a $60 million Line of Credit was made in the Capital Expansion Fund of the Business-type funds to fund projects. The line of credit's interest is calculated at a fluctuating rate per annum of 81.41% of the Prime Rate in effect from time to time, less 2.2%, the prime rate minus 2 points and it expires on December 31, 2013.

Economic factors and next year's budget and rates

- As part of the California Delta Water Bonds package that was approved by the governor on Nov 10, 2009, there was legislation that requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020 (SBX7-7). This impacts water deliveries and therefore impacts waters sales.

- The assessed value of Alameda County properties within Zone 7's service area is anticipated to reflect low growth.

- The failure of sub-prime housing loans that caused the failure of some lending institutions and is expected to cause further decline in new developments within Zone 7's service area.

All of the above factors were considered in preparing Zone 7's budget for fiscal year 2012.

Requests for Information

This financial report is designed to provide our customers, ratepayers, investors and creditors with a general overview of Zone 7's finances and to demonstrate accountability for the money it receives. Below is the contact information for questions about this report or requests for additional financial information.

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

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash in county treasury (Note 2)	$62,627,113	$111,710,416	$174,337,529
Accounts receivable, net	448,788	6,796,766	7,245,554
Prepaid expenses		223,819	223,819
Total current assets	63,075,901	118,731,001	181,806,902
Noncurrent assets			
Capital assets (Note 3):			
Rights of way, water entitlements and construction in progress	6,870,550	57,258,300	64,128,850
Depreciable, net	7,608,666	152,803,088	160,411,754
Total noncurrent assets	14,479,216	210,061,388	224,540,604
Total assets	77,555,117	328,792,389	406,347,506
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	233,000	2,079,778	2,312,778
Deposits-water facilities trust		380,997	380,997
Compensated absences (Note 1J)		1,152,090	1,152,090
Total current liabilities	233,000	3,612,865	3,845,865
Noncurrent liabilities			
Line of credit (Note 4)		30,500,000	30,500,000
Total noncurrent liabilities		30,500,000	30,500,000
Total liabilities	233,000	34,112,865	34,345,865
NET ASSETS (Note 5)			
Invested in capital assets, net of related debt	14,479,216	208,841,658	223,320,874
Unrestricted-designated for			
Capital projects	36,227,580	40,041,672	76,269,252
Specific projects and programs	22,687,319	39,394,747	62,082,066
Unrestricted	3,928,002	6,401,447	10,329,449
Total net assets	$77,322,117	$294,679,524	$372,001,641

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Other Program Revenues	Total
Governmental activities:					
General government	$4,063,566	$12,771	$53,229	$21,626	$87,626
Flood protection	615,758	3,165,948			3,165,948
Total governmental activities	4,679,324	3,178,719	53,229	21,626	3,253,574
Business-type activities:					
State water project	10,670,494		75,277	12,206,165	12,281,442
Water sales	30,572,172	31,878,981	5,580	120,576	32,005,137
Facility use fees-capital improvement	4,443,284	810	66,109	444,443	511,362
Water connection fees capital expansion	15,853,975	160	297,173	11,220,798	11,518,131
Total business-type activities	61,539,925	31,879,951	444,139	23,991,982	56,316,072
Total	$66,219,249	$35,058,670	$497,368	$24,013,608	$59,569,646

General revenues:
Property taxes:
Secured
Unsecured
Supplemental
Investment earnings
Rental charges
Total general revenues

Change in net assets

Net assets-beginning of year

Net Assets-end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
($3,975,940)		($3,975,940)
2,550,190		2,550,190
(1,425,750)		(1,425,750)
	$1,610,948	1,610,948
	1,432,965	1,432,965
	(3,931,922)	(3,931,922)
	(4,335,844)	(4,335,844)
	(5,223,853)	(5,223,853)
(1,425,750)	(5,223,853)	(6,649,603)
5,367,779		5,367,779
320,381		320,381
56,843		56,843
328,384	704,257	1,032,641
17,459	31,000	48,459
6,090,846	735,257	6,826,103
4,665,096	(4,488,596)	176,500
72,657,021	299,168,120	371,825,141
$77,322,117	$294,679,524	$372,001,641

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2010

	General	Flood Protection	Totals 2011	Totals 2010
ASSETS				
Current assets				
Cash in county treasury (Note 2)	$26,251,179	$36,375,934	$62,627,113	$58,117,695
Accounts receivable, net		448,788	448,788	204,609
Total assets	$26,251,179	$36,824,722	$63,075,901	$58,322,304
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	$223,196	$9,804	$233,000	$327,148
Total liabilities	223,196	9,804	233,000	327,148
FUND BALANCES (Note 5)				
Nonspendable:				
Encumbrances	4,388,273	5,715,710	10,103,983	
Committed		31,099,208	31,099,208	57,518,054
Assigned	13,511,708		13,511,708	
Unassigned	8,128,002		8,128,002	477,102
Total fund balances	26,027,983	36,814,918	62,842,901	57,995,156
Total liabilities and fund balances	$26,251,179	$36,824,722	$63,075,901	$58,322,304

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
RECONCILIATION OF
GOVERNMENTAL FUNDS - FUND BALANCE
WITH THE GOVERNMENTAL ACTIVITIES
STATEMENT OF NET ASSETS
JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR JUNE 30, 2010

	2011	2010
TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$62,842,901	$57,995,156
Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:		
CAPITAL ASSETS		
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	14,479,216	14,661,865
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$77,322,117	$72,657,021

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	General	Flood Protection	Totals 2011	Totals 2010
REVENUES				
Property taxes	$5,745,003		$5,745,003	$5,918,281
Intergovernmental revenues	53,229		53,229	54,264
Charges for services	12,771	$3,165,948	3,178,719	1,178,982
Interest and rentals	155,180	190,663	345,843	428,861
Other revenues	21,626		21,626	23,928
Total revenues	5,987,809	3,356,611	9,344,420	7,604,316
EXPENDITURES				
Salaries and employee benefits transferred from district-wide	1,615,463	321,973	1,937,436	1,703,900
Services and supplies	2,265,454	293,659	2,559,113	2,206,560
Other		126	126	
Total expenditures	3,880,917	615,758	4,496,675	3,910,460
EXCESS OF REVENUES OVER EXPENDITURES	2,106,892	2,740,853	4,847,745	3,693,856
NET CHANGE IN FUND BALANCES	2,106,892	2,740,853	4,847,745	3,693,856
FUND BALANCES, BEGINNING OF YEAR	23,921,091	34,074,065	57,995,156	54,301,300
FUND BALANCES, END OF YEAR	$26,027,983	$36,814,918	$62,842,901	$57,995,156

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
WITH THE
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	2011	2010
The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.		
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$4,847,745	$3,693,856
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
CAPITAL ASSETS TRANSACTIONS		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense is deducted from the fund balance	(182,649)	($198,786)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$4,665,096	$3,495,070

See accompanying notes to financial statements

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts Budgetary Basis	Positive (Negative)
REVENUES				
Property taxes	$5,105,203	$5,105,203	$5,745,003	$639,800
Intergovernmental revenue	54,000	54,000	53,229	(771)
Charges for services	20,000	20,000	12,771	(7,229)
Interest and rentals	317,000	317,000	155,180	(161,820)
Other revenue	16,600	16,600	21,626	5,026
TOTAL REVENUES	5,512,803	5,512,803	5,987,809	475,006
EXPENDITURES				
Salaries and benefits	1,112,061	1,112,061	1,615,463	(503,402)
Services and supplies	4,473,896	8,876,100	2,265,454	6,610,646
TOTAL EXPENDITURES	5,585,957	9,988,161	3,880,917	6,107,244
NET CHANGE IN FUND BALANCE	($73,154)	($4,475,358)	2,106,892	($5,632,238)
Fund balance, beginning of year			23,921,091	
Fund balance, end of year			$26,027,983	

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2010

	State Water Project	Water Sales	Capital Improvement Renewal & Replacement	Capital Expansion
ASSETS				
Current assets:				
Cash in county treasury (Note 2)	$8,723,883	$18,526,673	$21,525,384	$54,713,583
Receivables, net		5,818,485	29,520	948,761
Prepaid deposits		223,819		
Total current assets	8,723,883	24,568,977	21,554,904	55,662,344
Noncurrent assets:				
Capital assets (Note 3), right of ways, water entitlements and construction in progress		57,258,300		
Improvements, net of depreciation		152,803,088		
Total noncurrent assets		210,061,388		
Total assets	8,723,883	234,630,365	21,554,904	55,662,344
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses		1,482,609	543,515	53,654
Deposits				
Compensated absences (Note 1J)		1,152,090		
Total current liabilities		2,634,699	543,515	53,654
Long-term liabilities:				
Line of Credit (Note 4)				30,500,000
Total long-term liabilities				30,500,000
Total liabilities		2,634,699	543,515	30,553,654
NET ASSETS (Note 5)				
Invested in capital assets		208,841,658		
Unrestricted-designated for:				
Capital projects		5,044,146	18,697,511	16,300,015
Designated projects	8,723,883	11,708,415	2,313,878	8,808,675
Unrestricted		6,401,447		
Total net assets	8,723,883	231,995,666	21,011,389	25,108,690
Total liabilities and net assets	$8,723,883	$234,630,365	$21,554,904	$55,662,344

See accompanying notes to financial statements

Water Facilities Trust	Water Supply Trust	Totals 2011	Totals 2010
$3,500,345	$4,720,548	$111,710,416	$111,082,963
		6,796,766	9,616,916
		223,819	90,000
3,500,345	4,720,548	118,731,001	120,789,879
		57,258,300	139,401,608
		152,803,088	74,843,636
		210,061,388	214,245,244
3,500,345	4,720,548	328,792,389	335,035,123
		2,079,778	3,910,686
380,997		380,997	343,012
		1,152,090	1,113,305
380,997		3,612,865	5,367,003
		30,500,000	30,500,000
		30,500,000	30,500,000
380,997		34,112,865	35,867,003
		208,841,658	214,245,244
		40,041,672	43,769,762
3,119,348	4,720,548	39,394,747	39,299,226
		6,401,447	1,853,888
3,119,348	4,720,548	294,679,524	299,168,120
$3,500,345	$4,720,548	$328,792,389	$335,035,123

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	State Water Project	Water Sales	Capital Improvement Renewal & Replacement	Capital Expansion
OPERATING REVENUES				
Property taxes	$9,860,412			
Water sales		$31,785,517		
Intergovernmental revenue	75,277	5,580	$66,109	$297,173
Connection and development fees			407,130	9,290,465
Charges for services		68,902	810	160
Other revenues	2,345,753	120,576	37,313	1,930,333
Total operating revenues	12,281,442	31,980,575	511,362	11,518,131
OPERATING EXPENSES				
Salaries, wages and benefits		11,917,473	2,021,007	873,463
Contractual services		2,399,390	1,772,249	475,432
Supplies		118,003		
Chemical purchases		1,542,425		
Water purchases	10,670,494	4,418,112		12,587,907
Water storage		924,278		1,391,836
Utilities		1,727,147	353,834	111,631
Maintenance and repairs		1,348,377		
Equipment and building rents		89,901	510,623	399,974
Office expenses		1,201,319	53,589	186,563
Risk management		203,728		
Depreciation (Note 3)		4,682,019		
Expenses capitalized			(268,018)	(172,831)
Total operating expenses	10,670,494	30,572,172	4,443,284	15,853,975
Operating income (loss)	1,610,948	1,408,403	(3,931,922)	(4,335,844)
NONOPERATING REVENUES				
Interest income and rental fees	97,387	142,618	108,367	342,425
Total nonoperating revenues	97,387	142,618	108,367	342,425
Income (loss) before transfers	1,708,335	1,551,021	(3,823,555)	(3,993,419)
Transfers in		84,126,119	22,861,346	66,181,501
Transfers out		(89,100,162)	(17,714,473)	(66,354,331)
Change in net assets	1,708,335	(3,423,022)	1,323,318	(4,166,249)
Net assets, beginning of year	7,015,548	235,418,688	19,688,071	29,274,939
Total net assets, end of Year	$8,723,883	$231,995,666	$21,011,389	$25,108,690

See accompanying notes to financial statements

Water Facilities Trust	Water Supply Trust	Totals 2011	Totals 2010
		$9,860,412	$8,085,099
		31,785,517	30,777,082
		444,139	808,207
		9,697,595	19,601,871
		69,872	80,388
$24,562		4,458,537	2,787,058
24,562		56,316,072	62,139,705
		14,811,943	14,921,512
		4,647,071	13,607,139
		118,003	107,342
		1,542,425	1,835,254
		27,676,513	23,437,087
		2,316,114	1,357,216
		2,192,612	2,994,183
		1,348,377	1,819,856
		1,000,498	979,275
		1,441,471	2,295,170
		203,728	155,165
		4,682,019	3,701,744
		(440,849)	(9,166,382)
		61,539,925	58,044,561
24,562		(5,223,853)	4,095,144
18,897	$25,563	735,257	713,341
18,897	25,563	735,257	713,341
43,459	25,563	(4,488,596)	4,808,485
		173,168,966	13,643,103
		(173,168,966)	(13,643,103)
43,459	25,563	(4,488,596)	4,808,485
3,075,889	4,694,985	299,168,120	294,359,635
$3,119,348	$4,720,548	$294,679,524	$299,168,120

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ZONE 7
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	State Water Project	Water Sales	Capital Improvement Renewal & Replacement	Capital Expansion
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$12,281,442	$31,938,939	$74,712	$4,985,153
Connection and development fees			407,130	9,290,465
Payment to employees		(11,878,688)	(2,021,007)	(873,463)
Payments to suppliers	(10,670,494)	(14,216,596)	(2,168,406)	(16,821,375)
Net cash provided (used) by operating activities	1,610,948	5,843,655	(3,707,571)	(3,419,220)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interest income	97,387	142,618	108,367	342,425
Cash flows from noncapital financing activities	97,387	142,618	108,367	342,425
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property, plant, and equipment		(498,163)		
Transfers in		84,126,119	22,861,346	66,181,501
Transfers out		(89,100,162)	(17,714,473)	(66,354,331)
Cash flows from (used for) capital and related financing activities		(5,472,206)	5,146,873	(172,830)
Net increase (decrease) in cash and cash equivalents	1,708,335	514,067	1,547,669	(3,249,625)
Cash and investments at beginning of period	7,015,548	18,012,606	19,977,715	57,963,208
Cash and investments at end of period	$8,723,883	$18,526,673	$21,525,384	$54,713,583
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$1,610,948	$1,408,403	($3,931,922)	($4,335,844)
Adjustments to reconcile operating income to cash flows				
Depreciation		4,682,019		
Changes in assets and liabilities				
Receivables		92,183	(29,520)	2,757,487
Accounts payable and accrued expenses		(243,916)	253,871	(1,840,863)
Compensated absences		38,785		
Deposits		(133,819)		
Net cash provided (used) by operating activities	$1,610,948	$5,843,655	($3,707,571)	($3,419,220)

See accompanying notes to financial statements

Water Facilities Trust	Water Supply Trust	Total 2011	Total 2010
$62,547		$49,342,793	$32,584,609
		9,697,595	19,601,871
		(14,773,158)	(13,808,207)
		(43,876,871)	(14,830,304)
62,547		390,359	23,547,969
18,897	$25,563	735,257	713,341
18,897	25,563	735,257	713,341
		(498,163)	(9,409,740)
		173,168,966	8,126,143
		(173,168,966)	(8,126,143)
		(498,163)	(9,409,740)
81,444	25,563	627,453	14,851,570
3,418,901	4,694,985	111,082,963	96,231,393
$3,500,345	$4,720,548	$111,710,416	$111,082,963
$24,562		($5,223,853)	$4,095,144
		4,682,019	3,701,744
		2,820,150	(1,320,919)
		(1,830,908)	24,591,001
		38,785	1,113,305
37,985		(95,834)	(8,632,306)
$62,547		$390,359	$23,547,969

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Alameda County Flood Control and Water Conservation District – Zone 7 (the District) is a public corporation, organized and existing under the constitution and laws of the State of California. The District provides various services including the purchase, treatment and sales of water and the maintenance of flood control channels within the boundaries of its service area. The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reported purposes.

B. Basis of Presentation

Government-Wide Statements

The statement of net assets and statement of activities display information about the primary government (the District). These statements distinguish between the *governmental* and *business-type activity* of the District. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from the business-type activity, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used for qualified expenditures for capital improvement projects before any unrestricted resources are spent.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The fund financial statements present all governmental funds and the water enterprise fund.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds.

- The *Flood Protection* is for flood protection and storm water drainage facilities and is reserved for reimbursement to developers.

The District reports the following proprietary funds:

- The *State Water Project* is used for fixed State water charges and State water project bonded indebtedness.

- The *Water Sales* account for enterprise operation and administration, emergency and support services, variable State water charges, water facilities maintenance and operation, water facilities, water resources and water supply planning.

- The *Capital Improvement Renewal and Replacement* is used for improvement, renewal and replacement program.

- The *Capital Expansion* is used for Water Enterprise capital expansion projects.

- The *Water Facilities Trust* is used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fess and deposits, and permit inspection deposits.

- The *Water Supply Trust* is used for future water, water storage and Delta-related projects.

C. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, benefit assessments and grants. On an accrual basis, revenues from property taxes and benefit assessments are recognized in the fiscal year for which the taxes and assessments are levied; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes benefit assessments, interest, grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For its business-type activities and enterprise fund, the District has elected, under Governmental Accounting Standard's Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The District has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund is the sale of water to outside customers. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition, including restricted assets, and all pooled deposits.

E. Receivables

Accounts receivable arise from billings to customers for water and sewer usage and certain improvements made to customers' property. Uncollectible amounts from individual customers are not significant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

Capital assets are those purchased or acquired with a useful life greater than one year and an original cost greater than $250,000 for infrastructure, buildings, building improvements, land improvements and software. The District capitalizes equipment and land with a useful life greater than one year and an original cost greater than $5,000. These assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that are significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Capital Assets	Useful Life
Treatment plants	40 years
Treatment plants improvements	10 - 40 years
Sludge drying ponds	40 years
Pipeline	40 years
Equipment	3-10 years
Reservoir	40 years
Office building	40 years
Wellfields	40 years
Flood control channels	100 years
Rights of way	Indefinite
Water entitlement	Indefinite

G. Budgets and Budgetary Accounting

Formal budgets are employed as a management control during the year for the General Fund.

Budgets for the Governmental Funds are prepared to include encumbrances at year end. Budget comparisons presented are on this Non-GAAP budgetary basis.

H. Encumbrances – Governmental Fund Financial Statements

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Funds and Flood Protection Fund. Encumbrances at year end are reported as reservation of fund balances since they do not constitute expenditures or liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Taxes

The District receives property taxes from Alameda County. The District recognizes property taxes as revenue in the fiscal year of levy, based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill. Under this program the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

J. Compensated Absences

The District's policy allows employees to accumulate earned but unused vacation and overtime compensation, subject to a vesting policy. The cost of vacation is recorded in the period it is earned. The District will recognize accrued vacation to the maximum of vacation earned during the preceding two years prior to separation of service. Accumulated employee sick leave benefits are not recognized as liabilities of the District, as these benefits do not vest with the employee. Therefore, sick leave is recorded as expenditure in the period that the benefit is taken. As of June 30, 2011, the balance of compensated absences is $1,152,090.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The District's cash and investments is controlled and invested by the Alameda County Treasurer. Investments are stated at fair value as required by generally accepted accounting principles. Pooled investment earning are allocated by the Treasurer to each fund based on the cash and investment balances in these funds at the end of each accounting period. At June 30, 2011, the District's cash and investments amounted to $174,337,529 of which $62,627,113 and $111,710,416 were reflected in the District's Governmental and Business-Type Funds, respectively. The make up of these investments can be found in the Alameda County Treasurer's Investment Pool Market Value Report as of June 30, 2011, however the majority of the Pool is comprised of collateralized securities (Treasury Notes, Bills Federal Agencies and Commercial Paper).

NOTE 3 – CAPITAL ASSETS

A. Summary

The following is a summary of capital assets as of June 30, 2011:

Governmental Activities	Balance at June 30, 2010	Additions	Balance at June 30, 2011
Capital assets not being depreciated:			
Rights of way	$6,870,550		$6,870,550
Total capital assets not being depreciated	6,870,550		6,870,550
Capital assets being depreciated:			
Flood control channels	9,939,359		9,939,359
Total capital assets being depreciated	9,939,359		9,939,359
Less accumulated depreciation for:			
Flood control channels	2,148,044	$182,649	2,330,693
Total accumulated depreciation	2,148,044	182,649	2,330,693
Net capital assets being depreciated	7,791,315	(182,649)	7,608,666
Governmental activity capital assets, net	$14,661,865	($182,649)	$14,479,216

NOTE 3 – CAPITAL ASSETS (Continued)

Business-Type Activities	Balance at June 30, 2010	Additions and Transfers	Retirements	Balance at June 30, 2011
Capital assets not being depreciated:				
Rights of way	$294,800	$264,918		$559,718
Water entitlements	36,655,364			36,655,364
Easements		1,219,730		1,219,730
Construction in progress	102,451,444	(83,627,956)		18,823,488
Total capital assets not being depreciated	139,401,608	(82,143,308)		57,258,300
Capital assets being depreciated:				
Equipment	2,704,370	57,315	($35,252)	2,726,433
Treatment plants	70,358,922	35,056,190		105,415,112
Office building	1,264,251			1,264,251
Reservoir	1,934,197			1,934,197
Pipelines	19,693,236	32,425,137		52,118,373
Wellfields	11,332,500	15,102,829		26,435,329
Supervisory Control and Data Acquisition project	9,704,664			9,704,664
Other infrastructure	487,550			487,550
Total capital assets being depreciated	117,479,690	82,641,471	(35,252)	200,085,909
Less accumulated depreciation for:				
Equipment	2,139,158	209,574	(35,252)	2,313,480
Treatment plants	25,188,411	3,059,092		28,247,503
Office building	721,920	31,606		753,526
Reservoir	812,576	48,355		860,931
Pipelines	8,333,713	521,195		8,854,908
Wellfields	2,749,147	314,777		3,063,924
Supervisory Control and Data Acquisition project	2,668,783	485,233		3,154,016
Other infrastructure	22,346	12,189		34,535
Total accumulated depreciation	42,636,054	4,682,019	(35,252)	47,282,821
Net capital assets being depreciated	74,843,636	77,959,452		152,803,088
Business-Type activity capital assets, net	$214,245,244	($4,183,856)		$210,061,388

NOTE 3 – CAPITAL ASSETS (Continued)

B. Construction in Progress

Construction in Progress at June 30, 2011 comprises the following projects:

Projects	
Altamont Water Treatment Plant (AWTP)-Site Aquis/Raw H2O	$15,535,583
Altamont Water Treatment Plant (AWTP)	1,891,636
Altamont Pipeline-County Reach	665,719
Arroyo Mocho/Lake H Diversion	308,314
Santa Rita Pipeline Relocation	126,589
Patterson Pass Water Treatment Plant (PPWTP-)Sewer Line Project	120,802
Chain of Lakes Wells 3 & 4	105,671
Cope Lake Facilities Project	62,037
Del Valle Chemical Parking Lot Improvement	7,137
Total	$18,823,488

NOTE 4 – LONG-TERM LIABILITIES

Line of Credit

On January 15, 2008, the District signed an installment sale agreement with the Municipal Finance Corporation and Wells Fargo Bank for a tax-exempt revolving line of credit in the amount of $60,000,000 for a term of six years. Effective January 19, 2011 the Board approved reducing the line to a maximum amount of $30,500,000. The line carries a variable interest rate based on a calculation of 81.41% of bank's Prime rate, less 2.2%. There are no prepayment penalties, an unused portion fee of 0.05% per year applies, a debt service of 1.0 times net revenues has to be maintained. As of June 30, 2011 the outstanding balance for the line of credit was $30,500,000 at an interest rate of 0.45%.

NOTE 5 – NET ASSETS AND FUND BALANCES

Net Assets

Net Assets is the excess of all the District's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets, if any, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

NOTE 5 – NET ASSETS AND FUND BALANCES (Continued)

Unrestricted describes the portion of Net Assets which is not restricted to use.

Fund Balance

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal action of the Board of Directors. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board of Director or its designee and may be changed at the discretion of the Board of Directors or its designee. This category includes encumbrances; nonspendables, when it is the District's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. On February 16, 2005, the District adopted a Reserve Fund Policy which established the Operating and Emergency Reserve. This reserve is to be used in the case of a flood control emergency pending receipt of any State or Federal reimbursements. As of June 30, 2011, the reserve is $4,200,000 which is included in unassigned fund balance.

NOTE 6 – RETIREMENT PLAN

All qualified permanent employees participate in the Plan. Members are eligible to retire at age 50 with ten years of service, at age 70 regardless of years of service or at any age with thirty years of service. A year of qualifying service equals one year of full time employment.

The Plan requires participants in Tier 1 to contribute from 9.10%-14.00% of their salary of which the District contributes up to 17.89%. The Plan requires participants in Tier 2 to contribute from 6.16%-10.19% of their salary of which the District contributes up to 16.66%. Contributions necessary to fund the Plan on an actuarial basis are determined by the Alameda County Employees Retirement Association.

The actuarial accrued liability presented below was computed as part of an actuarial valuation performed as of December 31, 2009, which is the latest actuarial valuation available. Significant actuarial assumptions used in the valuation include (a) valuation interest rate of 7.9% and (b) projected salary increases of 4.7%-8% per year reflecting 3.50% for inflation and .50% across the board. The Plan uses the Entry Age Normal Method with a supplemental present value. The amortization period for the supplemental present value is 24 years, with 21 years remaining from January 1, 2011. The Plan uses the level percent of projected payroll method to amortize the unfunded actuarial accrued liability.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability.

In valuing Plan assets used in determining funding status, the actuary spreads realized and unrealized gains and losses over 5 years.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Plan wide trend information may be found in the Association's Annual Reports.

Annual contributions paid by the District to the Plan are equal to the annual required contributions which were as follows:

Fiscal Year	Employee	Employer	Total
2008-2009	$468,449	$2,606,413	$3,074,862
2009-2010	423,182	2,750,842	3,174,024
2010-2011	716,787	2,663,052	3,379,839

NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN RETIREMENT

The District, through the County of Alameda (County), is a participant under the Alameda County Employees' Retirement Association's (ACERA) plan for other post employment benefits as established by the California Legislature under Article 5.5 of the County Employees Retirement Law of 1937. Retired employees from the District receive a monthly medical allowance toward the cost of their retiree health insurance from the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is a funded trust that receives 50% of the investment earnings that are in excess of the target investment return of the ACERA pension fund. The District funds the premiums for current active employees while ACERA funds the premiums for retirees.

As the underlying cost for non-Medicare eligible retirees is higher than the blended average of actives and non-Medicare eligible retirees, there is an implicit subsidy inherent in the cost allocation process. GASB 45 requires employers using a blended rate for active and non-Medicare eligible retirees to recognize the implicit subsidy liability.

The SRBR is used to fund these benefits for eligible retirees, including retirees from the County and other employers who contribute to the ACERA pension fund, including the District. Accordingly, the District believes it has already accounted for the payments to be made from the SRBR indirectly through its pension contributions and therefore the District's only GASB 45 liability is for the implicit subsidy. Furthermore, as the Board of Retirement cannot make payments to retirees after the SRBR is exhausted, the liability for these benefits is capped at the amount of SRBR assets, therefore, the unfunded liability for these benefits is, by definition, zero.

The funding of these benefits is limited to investment earnings to a special reserve allocated in accordance with the statute. The Board of Retirement has no authority to demand funding from employers or member participants to fund these benefits. If these reserves were depleted, benefits provided by the program will cease. Under the current actuarial assumptions it is anticipated that the reserves will be sufficient to fund the program though the year 2025 based on the December 31, 2006 valuation. Because of the limitations on the Board of Retirement's ability to provide these benefits, this program is considered to be 100% funded through 2025.

NOTE 8 - INSURANCE

The District is self-insured for claims under the County of Alameda self-insurance/excess insurance program. The County is a member of the California State Association-Excess Insurance Authority (CSAC-EIA), a California Counties Joint Powers Authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties.

Type of Coverage	Coverage Limit	Self-Insured/Deductible
General Liability, including Auto Liability	$15,000,000	$1,000,000
Workers' Compensation	Statutory Limit	3,000,000
Property	602,500,000	50,000
Crime	10,000,000	2,500
Pollution	10,000,000	500,000

NOTE 9 - COMMITMENT AND CONTINGENT LIABILITIES

A. Litigation

The District is a defendant in a number of lawsuits, which have arisen, in the normal course of business including challenges over certain rates and changes. The ultimate outcome of these matters is not presently determinable. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

B. Other Contingencies

In June, 2006, the District entered into a Water Banking and Exchange Program with Cawelo Water District. The District's capital cost is approximately $19,000,000 to be financed by 30-year revenue bonds issued by Cawelo. In addition, the District will pay for transportation of the water to and from the banking site. $729,497 was paid for the year ended June 30, 2011.

In compliance with California Environmental Quality Act (CEQA), the District implemented the "Modified Near-Term Project" (the Project), as identified in the Final Environmental Impact Report for the Water Supply Planning Program. The District entered into the following contracts to implement the Project:

A) Effective January 1, 1999, a 15-year agreement with Byron-Bethany Irrigation District to purchase up to 5,000 acre-feet of water per year, with a minimum of 2,000 acre-feet per year available for the District, and a minimum payment of $90,000 per year.

B) Commencing January 1, 2000, the purchase and permanent transfer of 15,000 acre-feet of State Water Project entitlements from the Lost Hills Water District for a purchase price of $15,000,000 and assumption of State Water Project "fixed costs" of approximately $900,000 per year.

C. Lease Obligation

On June 4, 2003, the District executed a lease-buy-option agreement with a developer to build a new administrative-engineering building in Livermore, California. The agreement calls for a 15 year escalating operating lease, with annual rents to start at $986,831 to $1,302,133 through year 15, with a purchase option of $12,153,000. Occupancy started February 19, 2005. For the fiscal year ended June 30, 2011, the District paid $1,098,557. A schedule of future rents is as follows:

For the Year Ending June 30	Lease Obligation
2012	$1,120,582
2013	1,143,017
2014	1,165,901
2015	1,189,198
2016	1,212,958
2017 - 2021	4,546,017
Totals	$10,377,673

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT – ZONE 7

MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2011

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT – ZONE 7
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2011

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
the Alameda County Flood Control and Water
Conservation District – Zone 7
Livermore, California

In planning and performing our audit of the financial statements of the Alameda County Flood Control and Water Conservation District – Zone 7 as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

September 21, 2011

MAZE & ASSOCIATES

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REQUIRED COMMUNICATIONS

To the Board of Directors of
the Alameda County Flood Control and Water
Conservation District – Zone 7

We have audited the financial statements of the Alameda County Flood Control and Water Conservation District – Zone 7 as of and for the year ended June 30, 2011 and have issued our report thereon dated September 21, 2011. Professional standards require that we advise you of the following matters relating to our audit.

Financial Statement Audit Assurance: Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

Other Information Included with the Audited Financial Statements: Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures are explained in our audit report.

Accounting Policies: Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. The following pronouncements became effective during the year ended June 30, 2011:

- **Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions**

  This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

  Disclosure of the policies in the notes to the financial statements is required.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

- **Statement No. 59 Financial Instruments Omnibus**

  The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This is a technical clean up pronouncement that had no material impact to the financial statements.

Unusual Transactions, Controversial or Emerging Areas: No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is depreciation. Management's estimate of depreciation is based on the estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Disagreements with Management: For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Retention Issues: We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as the District's auditors.

Difficulties: We encountered no serious difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments: For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the District, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by the District that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

Uncorrected Misstatements: Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to management.

******

This report is intended solely for the information and use of the finance committee, Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

September 21, 2011

ITEM NO. 10

SUMMARY MINUTES OF THE FINANCE COMMITTEE
ZONE 7 BOARDS OF DIRECTORS

November 28, 2011
7:00 a.m.

Directors present: Sandy Figuers

Zone 7 Staff: Jill Duerig, General Manager
John Yue, Asst. General Manager, Finance
JaVia Green, Staff Analyst
Judy Rector, Board Secretary

Directors absent: A. J. Machaevich
Chris Moore

President Figuers called the meeting to order at 7:11 a.m. Staff made a presentation to the President of the Board.

1. Public Comment – None

2. Financial Audit for Fiscal Year Ending June 30, 2011

John Yue, Assistant General Manager, Finance, showed a power point presentation which explained the following points of an audit:

a. Audit Purpose
b. Fund Accounting
c. Accounting Systems
d. Performance Summary

Mr. Yue introduced Timothy Krisch, Partner, and David Alvey, Audit Supervisor, from Maze & Associates who reported that their independent audit of Zone 7 finances was an unqualified "clean" opinion; the agency remains in solid financial shape; and there are no glitches concerning internal controls.

President Figuers noted his concurrence that the findings of Maze & Associates' should be presented to the full Board at the December 21, 2011, Board meeting.

3. Verbal Reports - none

4. Adjournment

Since there were no further issues or comments, the meeting was adjourned at 7:22 a.m.

ITEM NO. 12a

December 16, 2011 Board written/narrative comments by Dick Quigley

Thursday & Friday, November 17th and 18th, I attended the ACWA Board meeting in Sacramento (new board orientation) and the full board meeting. I ran into Dr. Bill Mathis and passed on Holiday Greetings! From Executive Director: strategic plan regarding focus with new January board as "year of change" with new people and water bond. New in 2011 Ag Urban Coalition "making sure policies are right", clean water JOBS and Finance, (how we pay for need) will be key issues. Who Pays for General bond obligation? "Flow needs to be integrated into a comprehensive plan," "Need multiple paths of success" and "Flow needs to be integrated into comprehensive plan-Plan B alternative" Voter research and Intel needed a bond public temperature @ fixcalwater.com. ACWA task force formed for Plan B. Conference call meeting soon. Info to follow at ACWA conference. SB-34 and strong alliance with Jerry Merral and Gov. Brown. Integrated modeling group includes Greg Gatrell (CCWD), J. Lund UC Davis. Building watershed awareness, low v. high lands and inherent advantage/ disadvantage may lead to cooperation and understanding. Education: "Raise the Bar" Shift into the next gear!
Other stuff: DC conference Feb 28-March 1 mentioned. I am requesting OK to attend again. PG&E land donations legally required was mentioned and regions were suggested to check. On JPIA Andy Sells will be a presenter at the fall conference. I have heard him and he is excellent!

Worth watching as we seek a Delta Fix and know many of our neighboring water agencies import water.

November 28 - December 1st, attended ACWA Fall conference. Another fantastic conference and I will try and highlight in a paragraph what an intense three days provided: Monday afternoon and evening attended ACWA/JPIA Town Hall Meeting and Network reception. Zone 7 was welcomed as a new member. Tuesday attended Outreach Task Force, Water Quality, Ground water committee, Energy Committee Meetings, followed by exhibitors' reception and Young Professionals inaugural reception. Wednesday opening breakfast speaker "Why Isn't Water Valued as an Invaluable Resource." Message points to move public opinion worth taking note of. Next attended an Attorneys Program: "Does the Public Trust Doctrine Apply to Ground Water?" Scott Valley basin (Siskiyou County) where my ancestors homesteaded in the 1840's was the case study. State (Legislature) has never granted regulatory authority to State Water Resources Control Board (SWRCB).

This issue is of major importance to water districts and users in Cal because if the public trust doctrine applies to ground water SWRCB will have the authority to regulate. Decision could be important. I am betting on more not less regulation on ground water. Wednesday luncheon speaker was excellent! His talk "Mood Over Matter: Are Californians Too Worried About the Economy to Care About Water." His message was jobs and water may go hand in hand and voters want job opportunity and infrastructure fixed.

Attended an afternoon town hall meeting, "The Delta Plan: Is it Charting the Course for the Future or is it OFF TRACK?" My take away is that northern rim water agencies and members of the Ag-Urban Coalition are winning new allies in the Delta Fix Discussion. Key leader on the panel offering some hope for a path forward. Wednesday finished with an ACWA Region 5 membership meeting…well attended. Members shared highlights from their focused areas. John B. from CCWD suggested water agencies consider a need for a "Social Media Policy in Pace as an outtake from his attending the communications session.

Thursday attended a Statewide Issue Forum: "Odd Bedfellows: Can Upstream and Down Stream California Unite for a Common Future?" Panel consisted of upstream and downstream users moderated by Tim Quinn. I liked what I heard! Pete Kampa and John Kingsbury from the north I consider friends and common goals were heard by my ears, public safety, security, and quality of life, Jobs and Growth along with common sense management of natural resources. That theme seemed to be shared from the panelist representing the south, one of which I was very impressed with.

Thursday Luncheon speaker was the high point and listening to Judge Wanger on Water, share his insights from 20 years on the bench gives me real hope we can find equal goals and move forward with a water system for California that works. Since we Zone 7, are 80-90% dependent on imported water from the north it is in our best interest to be involved at the various ACWA DWR, State and Federal tables of discussion for conflict resolution.

Lastly: I was very proud to pick up the ACWA REGION 5 Outreach award and bring it back to Board and Staff to place in our awards case in the entry hall! Thanks staff! You made it happen!

I would also like to share an information draft I have been working on titled SF Bay Area Water Importers and what I have learned. Your questions thoughts or comments would be most appreciated.

Handouts and pictures are available.
Let me know if you have any questions.
Thanks! Dick Quigley

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: December 21, 2011 ITEM NO. 13a

SUBJECT: GENERAL MANAGER'S REPORT

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

Finance & Administration

- The California State Coastal Conservancy's (SCC) Board of Directors voted on November 10th to award Zone 7 and Urban Creeks Council a grant of $190,000 for environmental studies in the watershed to assist in the update of the Stream Management Master Plan projects and subsequent update of the flood protection Development Impact Fee (DIF). The SCC funding will provide money to conduct studies on existing bird and fish populations, will help inform stream corridor design decisions and will provide Zone 7 with information on how to address climate change in upcoming CEQA analyses, as is now required under state law.

- The Combined Charities Drive ended on November 4th with 23 employees donating a total of $10,404. Three cheers to all the generous staff who participated!

Operations and Maintenance:

- DWR released its initial allocation for 2012 in November. Because of the healthy storage levels throughout the system (e.g., Oroville is at 80% capacity or 130% of historical levels), the initial allocation was 60%, the highest in many years.

- November precipitation locally was just 61% of average or 1.35 inches (which brings the total to-date down to 78% of average), as recorded at the California Irrigation Management Information System (CIMIS) station 191 in Pleasanton. However, since this is only two months into the new water year, it is much too early to project what, if anything, this means for the whole season.

- With the Patterson Pass Water Treatment Plant (PPWTP) offline for both South Bay Aqueduct work and clarifier upgrades, demands are being met by a combination of Del Valle Water Treatment Plant (DVWTP) which is producing between 28 and 32 million gallons per day (MGD) and the Mocho Groundwater Demineralization Plant (MGDP) which is producing about 5 MGD.

- As part of the Asset Management Plan condition assessment, pipeline inspections are ongoing. Del Valle and Sycamore have now been completed and Cross-Valley is in progress. Reports should be forthcoming.

- Staff have been testing a powdered polymer alternative to the currently-used emulsified polymer. A shift to the powdered version could reduce polymer costs and also reduce the possibility of taste and odor incidents in the unlikely case that an overfeed condition occurs.

Environmental & External Affairs:

- Governor Jerry Brown announced 15 appointments to the regional water quality control boards on November 21st. Since several of the regional boards were under-appointed at a level that made quorums difficult, this has been much appreciated. The State Water Resources Control Board is still short members and additional appointments are expected in the near future.

- During a well destruction job off Fallon Road, a red legged frog was spotted living under the concrete wellhead slab. The site developer was contacted, and their onsite biologist came out and relocated the frog to an adjacent pond so that the well destruction work could be completed.

- Robertson Park installed two Weather Based Irrigation Controllers and replaced 90 sprinkler risers and fittings in an irrigated landscape area of about 18 acres. The park spent a total of $17,547.14 to make the recommended upgrades and improve both the irrigation hardware and management efficiency. LARPD will receive a rebate in the amount of $5,000 for their conservation efforts, on top of the significant savings they are likely to achieve if they maintain the conservation improvements that were installed.

Engineering and Flood Control:

- A 25-year review of groundwater quality in certain Zone 7 wells shows generally increasing trends of boron, nitrate and/or TDS levels (specifically, in Mocho 3, Mocho 4, Stoneridge and Hopyard 6). The causes are still under investigation.

- California Rangeland Trust (CRT) is still reviewing aspects of the Conservation Easement, the Management Plan and the endowment amount. As part of the Altamont Pipeline – Livermore Reach Project, these issues still need to be addressed. Also included in this project is finalizing an amendment to the biological opinion which will allow Zone 7 to effectively use the Walker Conservation Easement as a "bank" to offset environmental projects from other Zone 7 projects in the event that either the Altamont Treatment Plant and/or the Altamont Pipeline-County Reach projects are not pursued in the locations originally described.

Monthly List of GM Contracts

November 2011

Contracts:

WorkSmart Automation, Inc.	$44,910	Database services and SCADA reporting enhancements
Hunt Enterprises	50,000	Delta Public Outreach/Education and General Legislative Activities
Total November 2011	$94,910	

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ORIGINATING SECTION: Office of the General Manager
CONTACT: Jill Duerig/Tim Hunt

AGENDA DATE: December 21, 2011 ITEM NO. 13c

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of the agency's lobbying firm, The Gualco Group, Inc., and the agency's legislative support consultant, Tim Hunt, monitors legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.
- The Legislature starts the second year of its two-year session on January 4th.
- In November the Legislative Analyst's Office (LAO) released a study of the current budget year and the upcoming fiscal year. The LAO believes revenues will be $3.7 billion short of the admittedly very optimistic revenue assumptions in the budget. The Department of Finance, by December 15, has to notify the joint budget committee of its forecast. Cuts expected to total $2 billion then take effect January 1, 2012. The state is still expected to be $3 billion in the red on June 30, 2012. This does not include the possibility that the courts will rule in favor of redevelopment agencies in their suit against the state for taking $1.7 billion in revenue from them. Looking to the 2012-2013 fiscal year, the LAO predicts a $10 billion shortfall plus the $3 billion in the current year. There will be few accounting gimmicks available to close this huge gap. Revenues are estimated at about $86 billion.
- Governor Jerry Brown wrote an open letter to Californians on December 5 announcing he will bypass the Legislature and bring a proposal to raise taxes directly to the people through an initiative campaign. He estimates his proposal would raise nearly $7 billion per year. It includes a 2 percent income tax surcharge on people making $500,000 or more (less than 2 percent of the population) and a temporary ½-cent increase in the sales tax. The initiative will specify that the funds can only be spent on education and public safety. The expenses to gather the signatures to qualify the initiative for the November 2012 ballot likely will be borne by the teachers' union and various public safety unions.
- The state's gloomy fiscal situation coupled with soaring costs for the high-speed rail plan should come to a head in 2012 when the Legislature must appropriate money from the bonds that voters approved in 2008 or lose a $3 billion match from the federal stimulus bill. What happens to the rail program could effect how voters view the $11.2 billion water bond that is scheduled for the November 2012 ballot. The Legislature also could decide to modify or postpone the vote, although either will take a two-thirds majority.
- State and federal legislators will run for office in new districts that were developed by the citizen's redistricting commission. The June primary will be open with voters free to vote for candidates from any party, regardless of their registration. The top two voter-getters will run-off in November, even if the same party. Zone 7's service area will be entirely within the 16h Assembly District (incumbent Joan Buchanan), the 7th Senate District (incumbent Mark DeSaulnier) and the 15th Congressional District (incumbents Pete Stark and Jerry McNerney. McNerney is running for a new San Joaquin County seat).

RECOMMENDED ACTION: Information only.

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ORIGINATING SECTION: ADMINISTRATION
CONTACT: Tom Hughes

AGENDA DATE: December 21, 2011 ITEM NO. 13d

SUBJECT: STATUS REPORT ON SEPARATION EFFORTS

SUMMARY:

Employee Services:

- Staff met with the County Administrator and various County Department Heads on December 2. The county staff who were present at the meeting have now said that they would prefer if the payroll conversion takes place on July 1, 2012 or January 1, 2013; this delay would especially impact aspects of the separation efforts having to do with Human Resources functions. Further discussions are anticipated.

- Staff contacted each of the labor unions to set up meetings to discuss the status of the transition process and plans to send out an Employee Relations Update to all employees in late December or early January.

- Staff notified the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) that we will need to delay the workers' compensation insurance that was approved by the Board last month to accommodate the county's requested change in schedule.

- ADP has been notified that the project has been delayed.

Business Administration:

- Staff verified payroll information that has been loaded into ADP's software. Staff is still participating in training for ADP Payroll and Time & Labor Modules. Staff is testing the information and the formatting of the required transmittal file for the Alameda County Employees' Retirement Association (ACERA).

- Staff met with Alameda County Employees' Retirement Association CEO, Vincent Brown on November 22, 2011 to discuss the transition.

- Staff is negotiating the financial software agreement terms and conditions. The next step is finalizing the legal review.