

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: February 17, 2010
TIME: 7:00 p.m. CLOSED SESSION
7:45 p.m. OPEN SESSION (APPROXIMATE)
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, Barbara Morse, at (925) 454-5007 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. Salute to Flag
3. CLOSED SESSION – OPEN SESSION TO FOLLOW AT APPROXIMATELY 7:45 P.M.
 - a) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 3 cases
 - a) Conference with Legal Counsel – Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 1 case

Homebuilders Association of Northern California v. Alameda County Flood Control and Water Conservation District – Zone 7, et al.; Alameda County Superior Court Case No. VG09474043
 - b) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 4 cases
 - c) Conference with Labor Negotiators:
Agency Negotiator: G.F Duerig
Employee Organization: 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

UNREPRESENTED MANAGERS

ASSISTANT GENERAL MANAGER FINANCE
ASSISTANT GENERAL MANAGER, PERSONNEL
STAFF ANALYST
HUMAN RESOURCES ANALYST I
HUMAN RESOURCES ANALYST II
FINANCIAL & SYSTEMS SERVICES MANAGER
SENIOR AUDITOR/ACCOUNTANT
ENVIRONMENTAL & PUBLIC AFFAIRS MANAGER
COMMUNICATIONS SPECIALIST
WATER QUALITY MANAGER

GEOGRAPHIC INFORMATION SYSTEMS ANALYST
SENIOR ENGINEER
MANAGER OF ENGINEERING SERVICES
ASSISTANT GENERAL MANAGER
ASSISTANT GENERAL MANAGER - ENGINEERING
EMERGENCY AND SAFETY SUPERVISOR
PRODUCTION MANAGER

4. OPEN SESSION AND REPORT OUT OF CLOSED SESSION (APPROXIMATELY 7:45 PM.)

5. 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.

6. Minutes of the Regular Meeting of January 20, 2010

7. Consent Calendar

- a) Refund of Water Connection Fee & Facility Use Fee: Windemere, BLC
- b) Authorization to Pay for Miscellaneous Expenses for Board Meetings and Staff Events

Recommended action: Adopt resolutions approving items as presented.

8. Staffing Updates:

- a. Employee of the Month Recognition
- b. Congratulations to Retirees

9. Award of Consultant Services Contract to HDR Engineering, Inc. for the Update to Zone 7's Asset Management Program

Recommended action: Adopt resolution.

10. Award of Construction Contract to D. W. Nicholson Corporation for the Patterson Pass Water Treatment Plant Clarifier Rehabilitation Project, Project No. 201-10

Recommended action: Adopt resolution.

11. Increase Expenditure Authorization for Bay Delta Conservation Plan Consulting Services through February 2010

Recommended action: Adopt resolution.

12. New Flood Protection and Storm Water Drainage Development Impact Fee Ordinance Adoption, First Reading

Recommended action: Continue to March 17, 2010 for adoption.

- 13 Proposed Budget for Fiscal Year 2010-11
 - a. Resolution to adopt the budgets for the General/Flood Control Fund, State Water Facilities Fund and Water Enterprise Fund
 - b. Resolution to adopt the budget for the Capital Projects Funds
 - c. Resolution to adopt the budget for professional services for the General/Flood Control and Water Enterprise Funds
 - d. Resolution to adopt the budget for professional services for the Capital Projects Funds

Recommended action: Adopt resolutions.

14. Committees

15. Items for Future Agendas—Directors

16. Reports—Directors

- a. Written report by Director Quigley
- b. Verbal reports

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

- a. General Manager's Report
- b. Recent & Upcoming Public Outreach Activities
- c. State Legislature: 2010
- d. Toxic Sites Surveillance Program Annual Report for 2009 Water Year
- e. Verbal Reports

18. Upcoming Board Schedule:

(All meeting locations are 100 North Canyons Parkway, Livermore, unless otherwise noted)

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

19. Adjournment

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

ORIGINATING SECTION: WATER SUPPLY ENGINEERING
CONTACT: STEVEN ELLIS/JARNAIL CHAHAL

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: REFUND OF WATER CONNECTION FEE & FACILITY USE FEE:
WINDEMERE, BLC

SUMMARY:

- On April 26, 2006, Windemere, BLC paid Zone 7 fees for a 1-inch displacement meter, for irrigation, in the amount of \$35,875 (Connection Fee = \$31,250, Facility Use Fee = \$4,625).
- Developments in the Dougherty Valley pay two fees to Zone 7; a Connection fee which supports Fund 73 – Expansion for new facilities required to support new development and a Facility Use Fee which supports Fund 72 – Renewal and Replacement which supports the existing facilities which the new development relies on.
- In October of 2008, Windemere revised their plan, eliminating the need for this meter.
- Windemere is eligible for a refund for the fees paid for the unused meter in the amount of \$31,250 for water connection fees and facility use fees in the amount of \$4,625, for a total refund of \$35,875.

FUNDING:

The refund will be funded from Fund 73 – Expansion (for Connection Fee) and Fund 72 – Renewal and Replacement (for Facility Use Fee).

RECOMMENDATION:

Adopt attached resolution approving a water connection fee refund in the amount of \$31,250 and a facility use fee refund in the amount of \$4,625 to Windemere, BLC.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby approve a refund of Zone 7 water connection fees and facility use fees to Windemere, BLC in the amount of \$35,875 in accordance with District Ordinance FC 72-1, as amended by Ordinances FC 77-2, FC 86-136, and FC 0-91-68;

BE IT FURTHER RESOLVED that the Auditor Controller is hereby authorized and directed to draw a warrant in the amount of \$31,250 on the Zone 7 Fund 73 - Expansion and \$4,625 on Fund 72 – Renewal/Replacement, both payable to Windemere, BLC. for a total refund of \$35,875.

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

February 17, 2010

By _____
President, Board of Directors

ORIGINATING SECTION: Administration
CONTACT: Jill Duerig

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: Authorization to Pay for Miscellaneous Expenses for Board Meetings
and Staff Events

SUMMARY:

- The Board of Directors conducts regular, special and committee meetings where refreshments are served to the Board members.
- The General Manager, from time to time, holds staff meetings to inform staff of the agency's direction and progress where refreshments may be served. Similarly, lunch meetings are held from time to time and food may be served.
- The County's disbursement policies have deemed that payments for such expenditures are not allowable.
- To facilitate processing these expenses by the County in the future, staff recommends adoption of the attached resolution authorizing the General Manager to approve payment of expenditures for miscellaneous expenses for such events up to an aggregate total as budgeted for the fiscal year and the expenses associated with such individual events shall not exceed \$300 per event.

FUNDING:

Funding is available from Flood Control (Fund 50) and Water Enterprise (Fund 52).

RECOMMENDED ACTION:

Adopt the attached resolution authorizing the General Manager to approve payment of expenditures for miscellaneous expenses for board meetings and staff events up to an aggregate total as budgeted for the fiscal year and the expenses associated with such individual events shall not exceed \$300 per event.

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, the Board of Directors conducts regular, special and committee meetings; and

WHEREAS, from time to time, the General Manager holds staff meetings to inform staff of the agency's direction and progress; and

WHEREAS, refreshments such as soft drinks, cookies and other sundry items are often served at such meetings.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District does hereby authorize the General Manager to approve payment of expenditures for refreshments and other such miscellaneous expenses incurred for conducting such events up to an aggregate total as budgeted for the fiscal year.

BE IT FURTHER RESOLVED that expenses associated with such individual events shall not exceed \$300 per event.

BE IT FURTHER RESOLVED that the Alameda County Auditor-Controller is hereby authorized and directed to pay these expenditures subject to submittal of documentation.

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

February 17, 2010

By _____
President, Board of Directors

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: February 17, 2010

ITEM NO:

SUBJECT: Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in January and selected the Employee of the Month for December 2009 according to the established Program Guidelines. The individual chosen out of the submitted nominations is recommended to Management for approval and subsequent announcement to all Agency employees.

Curran Chow, Water Plant Operator, was chosen as the December 2009 Employee of the Month. Curran joined Zone 7 in January 2002 as a Water Plant Operator I and was promoted in February 2003 and again in August 2003 to Water Plant Operator II & III respectively. He is being recognized by his co-workers for his professional skills and knowledge and his willingness to take on work on his own initiative. His willingness to do those extra tasks means that the workload is lightened for those who work with him.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Curran Chow as December 2009 Employee of the Month.

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

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: Staffing Update: Congratulations to Retirees

SUMMARY:

Continuing our practice of advising the Board of Directors on staffing changes, we are recognizing the name and service time for several employees who have retired from Agency service effective January 23, 2010.

Retirement of Gerry Gates, Geographic Information Systems Analyst

We would like to recognize Gerry Gates, Geographic Information Systems Analyst who started his career with Zone 7 in April 1988 as a Water Resources Technician I. During the past 21 years, Gerry advanced to higher-level positions within the Agency. He was promoted to the newly formed position of Geographic Information Systems Analyst in March 2007. Gerry's expertise in water resources field work and his technical know-how has added value to the Agency.

Retirement of Jim Horen, Principal Engineer

We would like to recognize Jim Horen, Principal Engineer, who retired from the Agency with more than 31 years of Service. Jim began his employment as an Assistant Civil Engineer with the Alameda County Flood Control and Water Conservation District in Hayward. Jim was promoted to increasingly responsible positions within the Agency, taking on new projects and challenges along the way. Jim's most recent assignment was managing the Agency's Water Supply Engineering Section.

Retirement of Barbara Morse, Senior Management Assistant

We would like to recognize Barbara Morse, Senior Management Assistant, who retired from the Agency with more than 32 years of Service. Barbara began her County employment in August 1977 as a Stenographer II for the County Counsel's office. Her journey to "the Zone" started in July 1979 when she began work as Secretary I, reporting to Mun J. Mar, the General Manager at the time. Barbara has since served as the Senior Management Assistant supporting the Agency General Manager, working closely with Board members, and supervising the Agency's Administrative staff.

RECOMMENDED ACTION:

Adopt the attached resolution acknowledging service to the Agency of Gerry Gates, Jim Horen, and Barbara Morse.

WHEREAS, Gerald L. Gates has served the citizens of the Livermore-Amador Valley with distinction since his employment with the Zone 7 Water Agency began in April 1988; and

WHEREAS, Mr. Gates has served many roles with Zone 7 rising to the position of Geographic Information System Analyst of the Agency; and

WHEREAS, Mr. Gates has achieved many important accomplishments while employed with Zone 7, including:

- Development of the first Zone 7 Business Network at Zone 7 while working in the Water Resources Section; and
- Serving on the Groundwater Ambient Monitoring and Assessment program with Lawrence Livermore National Laboratory; and
- Collaborating with the first cooperative Geographic Information System (GIS) user group, which is the Tri-Valley Regional GIS users group to share information regionally; and
- Representing Zone 7 with the Tri-Valley Regional Occupation Program, informing students about Zone 7's responsibilities; and
- Working with programmers and SQL to create a QA-SCADA single database system which incorporates all aspects of Zone 7 Operations.

WHEREAS, Mr. Gates retired from Zone 7 service effective January 23, 2010;

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

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

February 17, 2010

By _____
President, Board of Directors

WHEREAS, James P. Horen has served the citizens of the Livermore-Amador Valley with distinction since his employment with the Zone 7 Water Agency began in January 1976; and

WHEREAS, Mr. Horen has served many roles with Zone 7 rising to the position of Principal Engineer and serving as the Chief, Water Supply Engineering Section, of the Agency; and

WHEREAS, Mr. Horen has achieved many important accomplishments while employed with Zone 7, including:

- Development of the Agency's comprehensive Capital Improvement Program for Replacement & Renewal, Systems Improvements, and Expansion projects; and
- Development of the Agency's Water Quality Engineering Section; and
- Recognition for the Agency in the American Water Works Association Partnership for Safe Water Program for ten years running; and
- Implementation of the Water Quality Management Program; and
- Serving as primary liaison for the Agency with the California Department of Water Resources for the South Bay Aqueduct Expansion Project; and
- Supervision and management of many major capital projects including: the Parkside Administration Building, Del Valle Water Treatment Plant expansion from 18 to 36 mgd, several groundwater wells, and many other water treatment plant and system-wide improvements; and

WHEREAS, Mr. Horen retired from Zone 7 service effective January 23, 2010;

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

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

February 17, 2010

By _____
President, Board of Directors

WHEREAS, Barbara K. Morse has served the citizens of the Livermore-Amador Valley with distinction since her employment with the Zone 7 Water Agency began in July 1979; and

WHEREAS, Ms. Morse has served many roles with Zone 7 rising to the position of Senior Management Assistant; and

WHEREAS, Ms. Morse has achieved many important accomplishments while employed with Zone 7, including:

- Served as the Agency's Board Secretary preparing notices, agendas, resolutions, and minutes of Agency business in compliance with legal requirements; and
- Developed and implemented Agency programs such as the Conflict of Interest Code, other administrative processes and procedures, as well as a filing and recordkeeping system; and
- Was instrumental in assuring furnishings and layout of the new North Canyons Office Building created a professional workplace environment for the Agency's business functions; and
- Acted as the Agency's contract administrator for the past 20 years, working with Agency staff in assuring contracts were administered properly and in compliance with Agency requirements; and
- Represented Zone 7 as the Agency's Elections Coordinator and serving as the Agency's face to the public; and
- Provided supervision, coordination, and management of the Agency's administrative functions and staff, consistently meeting deadlines and ensuring that objectives were met.

WHEREAS, Ms. Morse retired from Zone 7 service effective January 23, 2010;

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

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

February 17, 2010

By _____
President, Board of Directors

ORIGINATING SECTION: WATER SUPPLY ENGINEERING
CONTACT: MONA OLMSTED/JARNAIL CHAHAL

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: Award of Consultant Services Contract to HDR Engineering, Inc. for the Update to Zone 7's Asset Management Program

SUMMARY:

- In 2004, Carollo Engineers assisted Zone 7 in developing and implementing an Asset Management Program (AMP). The 2004 AMP report recommended a comprehensive update to the AMP every five years. The five-year update to the AMP is scheduled to be completed by January 2011.
- The AMP update effort will include: 1) developing a decision process for repair, rehabilitation, and replacement of assets; 2) performing a condition assessment of above-ground assets and a risk analysis of below-ground assets to determine remaining useful life and true replacement costs under current conditions; and 3) developing an Asset Management Plan that documents the key asset management processes and recommendations for long-term funding requirements.
- The AMP update will result in a 15-year Renewal/Replacement plan and an assessment of the total future funding requirements for Renewal/Replacement projects over the next 30 years.
- A Technical Review Committee (TRC), consisting of Zone 7 staff and Retailer representatives, will review various work products during this AMP update process.
- Consultant assistance is needed for the AMP update. Proposals were requested and reviewed by the TRC and HDR Engineering, Inc., was found to be best suited to provide the services.
- The estimated cost for the consultant scope of work is \$200,000. Staff is recommending that the General Manager be authorized to negotiate and execute a consulting services contract with HDR for a maximum not-to-exceed amount of \$210,000, which includes a 5% contingency.

FUNDING:

This project is in the Fiscal Year 2009/2010 budget, and is funded from Fund 72 – Renewal & Replacement/System-Wide Improvements.

RECOMMENDED ACTION:

Adopt the attached resolution authorizing the General Manager to negotiate and execute a professional services contract with HDR Engineering, Inc., for a total not-to-exceed amount of \$210,000.

ATTACHMENTS:

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

Interoffice Memo

Date: February 17, 2010
To: Jill Duerig, General Manager
From: Mona Olmsted, Associate Engineer, Water Supply Engineering
Subject: Award of Consultant Services Contract to HDR Engineering, Inc., for the Update to Zone 7's Asset Management Program

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

BACKGROUND:

In 2004, Zone 7 retained the consulting services of Carollo Engineers to assist in the development and implementation of an Asset Management Program (AMP). The AMP includes an evaluation of Zone 7's inventory of capital assets, asset service life as determined through condition assessments, economic life of the asset, asset risk, criticality, and vulnerability; true replacement costs under current conditions; and the annual allowance necessary to adequately fund Renewal/Replacement projects. The resulting 2004 AMP report recommended a comprehensive assessment of all Zone 7's assets every five years, and assessment of assets determined to be in poor condition on a more frequent basis. A 2006 Condition Assessment performed by Carollo evaluated those assets identified in 2004 as in fair to poor condition (and added new assets that were installed since the previous assessment). The five-year update to the AMP is scheduled to be completed by January 2011.

DISCUSSION:

Consultant assistance is needed for the update to the AMP. In accordance with established guidelines for contracting for professional services, a Request for Proposal to provide the needed consultant services was sent to nine firms. Proposals were received from two firms, Carollo Engineers and HDR Engineering. The selection panel, consisting of Zone 7 staff and Retailer representatives, interviewed the two firms and found HDR Engineering, Inc. (HDR), to have the best overall qualifications and approach for the project. Additionally, HDR staff is familiar with Zone 7's financial policies, having previously performed the Development Impact Fee Study.

The consultant's scope of work is attached and in general consists of the following tasks:

- Develop a framework and standards for the AMP, which includes preparing a decision process for repair, rehabilitation, and replacement of assets that is consistent with Zone 7's level of service goals.
- Perform a condition assessment of above-ground assets and a risk analysis of below-ground assets to determine remaining useful life and true replacement costs under current conditions.
- Prepare a 15-year Renewal/Replacement plan, develop a 30-year estimate for asset rehabilitation and replacement needs, and determine the total future funding requirements for those Renewal and Replacement projects.
- Develop an Asset Management Plan that documents the key asset management processes and recommendations for long-term funding requirements.

A Technical Review Committee, consisting of Zone 7 staff and Retailer representatives, will review various work products during this process. Completion of the work is anticipated by January 2011.

HDR's estimated scope of work is \$210,000, which includes a 5% contingency. This project is in the Fiscal Year 2009/2010 budget, and is funded from Fund 72 – Renewal and Replacement/System-Wide Improvements.

ZONE 7 WATER AGENCY ASSET MANAGEMENT PROGRAM UPDATE

APPENDIX A EXHIBIT 1, SCOPE OF SERVICES

The following scope of services is organized into four initiatives, including:

- A. PROGRAM FRAMEWORK AND STANDARDS
- B. CONDITION ASSESSMENT
- C. BUDGET FORECAST AND FUNDING FORECAST
- D. ASSET MANAGEMENT PLAN DEVELOPMENT

Additional as-needed services are not included in this scope of services and would be scoped and budgeted separately if desired.

INITIATIVE A - PROGRAM FRAMEWORK AND STANDARDS

Task A1. Project Kickoff (Proposal Subtask 10.1)

Consultant will conduct a project kickoff meeting with key Zone 7 staff to review the final scope of services, discuss the project schedule and highlight key milestones and deadlines, identify and introduce Consultant and Zone 7 resources, define internal Zone 7 stakeholders and external stakeholders, and clarify the roles and responsibilities of each party for the implementation of this project.

Meetings/Workshops

- *Kickoff meeting.*

Deliverables:

- *Kickoff meeting agenda and meeting minutes.*

Task A2. Level of Service Review (RFP Task 3, Proposal Subtask 10.2)

Consultant will review current draft of Zone 7's Water System Master Plan and documented Board policies regarding level of service goals. Following the review and if necessary, a conference call will be held with the Zone 7 Project Manager and the Project Manager for Zone 7's Water System Master Plan project to clarify Zone 7's current level of service goals and identify anticipated future changes to the level of service goals.

Meetings/Workshops

- *No formal meetings are included.*

Deliverables:

- *None.*

Task A3. Fixed Asset Inventory Recommendations (RFP/Proposal Task 4)

Consultant will review and provide recommendations on Zone 7's current fixed asset inventory, equipment life cycle, and maintenance job plans. Consultant will assess the asset hierarchy and level of detail of the asset inventory and provide recommendations for the fixed asset inventory in a technical memorandum as part of Task A6.

Meetings/Workshops

- *No formal meetings are included.*

Deliverables:

- *Electronic draft technical memorandum describing the Fixed Asset Inventory Analysis and Recommendations (to be discussed during the Task A5 workshop)*

Task A4. Comparison of Asset Renewal (Repair, Rehabilitation, and Replacement) Methodologies (RFP/Proposal Task 7)

Consultant will conduct a qualitative comparison of the advantages, disadvantages, and potential risk impacts associated with the following approaches to the renewal of fixed assets:

- Condition-based renewal planning,
- Life-cycle cost, payback period and business case analysis for asset renewal,
- Renewal planning based on asset age vs. life expectancy, and
- Utilizing statistical models to forecast renewal.

The evaluation and its conclusions will be summarized in a draft technical memorandum.

Comments on the technical memorandum and received during the Task A5 workshop will be recorded in a response to comments table for use in the preparation of the updated Asset Management Plan in Task D.

Meetings/Workshops

- *None.*

Deliverables:

- *Electronic Draft technical memorandum describing the renewal approach evaluation.*
- *Comment table.*

Task A5. Asset Renewal Decision Processes (Proposal Task 10.3)

Consultant will work with Zone 7 staff to prepare a draft decision process for water main and equipment renewal such that it is consistent with the level of service goals reviewed in Task A2 and considers the amount and type of data required to support the decision.

A workshop will be held with internal Zone 7 stakeholders to discuss the work completed in Tasks A2, A3, A4, and A5 with particular emphasis asset management decision processes. Topics discussed will include:

- level of service goals;
- fixed asset inventory recommendations;
- comparison of methodologies for renewal of fixed assets, and
- decision processes.

The refined decision process, recommendations for modifications to asset inventory procedures, and the overall asset management methodology will be documented in the Asset Management Charter and will include the recommended method for future data collection to support the process.

Meetings/Workshops

- *One workshop with internal stakeholders.*

Deliverables:

- *Workshop agenda and presentation.*

Task A6 Asset Management Charter (Proposal Subtask 10.2)

Consultant will prepare the Asset Management Charter, which will document the goals for Zone 7's Asset Management Program, level of service goals (as reviewed in Task A2), and the recommended decision process for repair, rehabilitation and replacement (as developed in Task A5). Consultant will prepare a draft Asset Management Charter.

Consultant will facilitate a workshop with Zone 7's External Stakeholders to discuss the work completed in Tasks A2, A3, A4 and A5. Topics to discuss will include:

- level of service goals;
- fixed asset inventory recommendations;
- comparison of asset renewal methodologies; and
- decision processes for repair, rehabilitation, and replacement of various asset types.

Following the workshop, Consultant will finalize the Asset Management Charter.

Meetings/Workshops

- *One workshop with Zone 7's External Stakeholders.*

Deliverables:

- *Workshop agenda and presentation.*
- *Electronic Draft and Final Asset Management Charter.*

INITIATIVE B – CONDITION ASSESSMENT

Task B1. Condition Assessment of Above-Ground Assets (RFP Task 1, Proposal Subtask 1.1)

Consultant will review existing condition assessment data and perform a visual inspection of selected above-ground assets throughout the Zone 7 system to update the current status of each asset. Some assets will be selected for a more detailed follow-up inspection based on their condition and consequence of failure.

Consultant has allocated up to eight hours for non-destructive testing, such as vibration tests, and internal inspections of above ground-assets, if required. Consultant has assumed that Zone 7 staff will assist with follow-up inspections. If a potential, imminent failure of a critical asset is observed, Consultant will issue a red flag report to immediately notify Zone 7.

Task B2. Risk Analysis of Below-Ground Assets (RFP Task 1, Proposal Subtask 1.2)

Consultant will work with Zone 7 staff to develop a risk matrix that identifies the risk associated with below-ground assets based on the probability and consequence of failure. Consultant will use the risk matrix to develop a prioritized inspection and condition assessment program for below ground assets. Consultant will prepare a technical memorandum summarizing the results of the above- and below-ground asset condition assessments.

Following receipt of Zone 7 comments on the draft technical memorandum, Consultant will prepare a response to comments table indicating changes or modifications to be made when the updated Asset Management Plan is prepared.

Initiative B Meetings/Workshops:

- *No formal meetings are included.*

Initiative B Deliverables:

- *Electronic draft technical memorandum documenting the results of Tasks B1 and B2.*
- *Comment table*
- *Red Flag reports (if necessary).*

INITIATIVE C – ASSET MANAGEMENT FUNDING FORECAST

Task C1. Current CIP Review (RFP Task 2, Proposal Subtask 2.1)

Consultant will review and comment on the current CIP. The review will focus on the appropriateness of project schedules and scopes based on Zone 7's current Level of Service (LOS) goals, and also based on proposed changes to the LOS goals as identified in Task A2. Summary of comments will be included in the Task C2 technical memorandum.

Meetings/Workshops

- *No formal meetings are included.*

Deliverables:

- *None, results to be incorporated in Task C2 renewal and replacement plan.*

Task C2. Development of 15-year Renewal Plan (RFP Task 2, Proposal Subtask 2.2)

Consultant will apply the repair, rehabilitation and replacement decision processes developed in Task A5 to the condition and risk data collected during Initiative B. Consultant will also utilize the results from Tasks C3 to forecast any additional near-term renewal requirements. The projects that are identified will be summarized in a Draft 15-Year Renewal Plan identifying the assets that currently require rehabilitation or replacement within the next 1 to 2 years (based primarily on Initiative B results) and a forecast of future asset renewal requirements prior to FY2026/2027.

For each identified project, Consultant will prepare a budgetary cost estimate and an estimated project duration. Project costs will be based on unit costs for recent rehabilitation and replacement projects in the Bay Area with an escalation factor for anticipated future increases in unit construction costs. The cost estimates will include an allowance for design services, contract and construction administration, and inspection services.

The Renewal Plan will also include a brief description of the project and the prioritization process. The project prioritization process will be developed with input from Zone 7 staff and will be based on criteria and weighting factors that support Zone 7's goals and priorities.

A draft Renewal Plan will be submitted to Zone 7. Following receipt of Zone 7 comments, Consultant will prepare a response to comments table indicating changes or modifications to be made to the Renewal Plan when the updated Asset Management Plan is prepared

Meetings/Workshops

- *No formal meetings/workshops are included.*

Deliverables:

- *Electronic draft 15-Year Renewal Plan.*
- *Comment table.*

Task C3. Asset Failure Curves (Proposal Subtask 5.1)

Consultant will develop Weibull failure curves that are adapted for two major asset classes (water mains and mechanical equipment) based on Zone 7's asset failure history to provide the basis for forecasting a 30-Year estimate for asset rehabilitation and replacement requirements.

Meetings/Workshops

- *No formal meetings are included.*

Deliverables:

- *None; results of this task will be incorporated in the Task C5 Technical Memorandum.*

Task C4. Long Term Renewal Forecast (RFP Task 5, Proposal Subtask 5.2)

Consultant will utilize the asset failure curves developed in Task C3 to forecast the quantity of assets that will deteriorate and require rehabilitation and replacement between 2022 through 2042.

Forecast of future renewal requirements will be included in Task C5 technical memorandum.

Meetings/Workshops

- *No formal meetings are included.*

Deliverables:

- *None, results to be incorporated in Task C5 technical memorandum.*

Task C5. Summary of Funding Needs and Gaps (RFP Task 5, Proposal Subtask 5.3)

Consultant will utilize the results of Initiative B, Tasks C2 and C4, to forecast the total future funding requirements for asset renewal and system-wide infrastructure improvements. Although renewal funding will be updated based on Consultant's analysis, the funding requirements for system-wide infrastructure improvements will be provided by Zone 7 staff, based on the current Zone 7 master planning process. Funding gaps will be identified using current water rates and projected growth, and will compare annual rate revenue with total renewal and system-wide improvement costs.

Consultant will summarize the results of the analysis in a draft technical memorandum and submit it to Zone 7. Consultant will hold up to 2 meetings or conference calls with Zone 7 staff to review and discuss the memorandum. Consultant will then facilitate a workshop with Zone 7 Management Team to review the draft memorandum and the future funding needs. During this workshop, an agenda and plans for the External Stakeholder Workshop will be discussed.

Consultant will plan and facilitate a workshop with External Stakeholders to review the results, conclusions and recommendations from Tasks B and C. Following the workshop, Consultant will prepare a response to comments table indicating changes or modifications to be made to the Funding Needs Technical Memorandum (C5) and Renewal Plan (C2) when the updated Asset Management Plan is prepared.

Meetings/Workshops

- *Up to 2 meetings or conference calls with Zone 7 staff.*
- *Zone 7 Management Team Workshop.*
- *External Stakeholder Workshop.*

Deliverables:

- *Electronic draft Funding Needs technical memorandum summarizing (1) projected renewal and system-wide costs, and (2) gaps between total annual costs and available revenue.*
- *Presentation materials for Zone 7 Management Team Workshop.*
- *Presentation materials for External Stakeholder Workshop.*
- *Comment table*

INITIATIVE D – ASSET MANAGEMENT PLAN DEVELOPMENT

Task D1. Asset Management Plan Update (RFP/Proposal Task 11)

Consultant will prepare an Asset Management Plan summarizing the results of findings and recommendations from Initiatives A, B, and C. The Plan will summarize asset renewal requirements, renewal funding needs and key asset management processes that were developed during the project.

Consultant will prepare a draft Plan and submit it to Zone 7. Consultant will meet with Zone 7 Management Team to review the draft report and discuss Zone 7 comments on the draft. Consultant will finalize the Asset Management Plan and provide Zone 7 with an electronic copy and one unbound and four bound copies of the plan.

Meetings/Workshops

- *Meeting with Zone 7 Management Team to review draft Asset Management Plan*

Deliverables:

- *Electronic copy of draft Asset Management Plan.*
- *Four bound copies, one unbound copy and one electronic copy of the Final Asset Management Plan.*

SCOPE OF SERVICES – OPTIONAL ITEMS

As the project progresses, Zone 7 and Consultant may determine that additional tasks or work elements should be undertaken to address additional data collection activities, unforeseen circumstances, and/or provide more detailed documentation. Should this occur, Consultant and Zone 7 will develop a scope of work and fee budget for the additional work. Consultant shall only proceed with the additional work upon receipt of written authorization from Zone 7. Potential optional tasks are described below.

Task E1. Internal Pipeline Inspection

Based on the risk analysis developed during Initiative A, Consultant may identify certain water mains that are at an elevated risk level due to the probability and/or consequence of failure. If requested, Consultant will work with Zone 7 staff to develop an entry plan and conduct an internal inspection of one water transmission main. A more detailed scope of work and fee estimate for this optional task will be prepared if desired.

Task E2. Additional Meetings and Workshops

If requested, Consultant shall prepare materials, present the materials, and/or facilitate discussion at meetings or workshops in addition to those specified in the Scope of Services. The meetings or workshops may be held with District staff, the District Board of Directors, the District's external stakeholders, members of the public, or others as necessary.

Meetings/Workshops

- *Workshop with internal stakeholders as requested.*
- *Workshop with external stakeholders as requested.*

Deliverables:

- *Presentation materials for internal stakeholder workshop.*
- *Presentation materials for external stakeholder workshops.*

Task E3. Funding Analysis (RFP/Proposal Task 6)

Consultant's funding analysis will address three alternatives: (1) pay-as-you-go funding, including required annual rate increases; (2) debt funding, including annual debt service payments and reserve fund levels needed to meet expected coverage ratio requirements; and (3) a combination of rate increases and new debt issuance, which will attempt to minimize the annual rate increases and provide a reasonable financial plan that can accommodate the projected funding requirements and address retailer concerns about future rate increases.

Meetings/Workshops

- *None.*

Deliverables:

- *Electronic technical memorandum summarizing the funding analysis.*

Task E4. Information Systems Assessment (RFP/Proposal Task 8)

Consultant will assess Zone 7's current information system needs and core asset management software (WAM, CMMS, and the fixed asset module of the accounting software) and develop recommendations to leverage existing software to better meet Zone 7's needs or recommend more appropriate software solutions.

Meetings/Workshops

- *None formal meetings are included.*

Deliverables:

- *Draft and Final electronic technical memorandum summarizing information systems assessment and recommendations.*

Task E5. Staffing Requirements (RFP/Proposal Task 9)

For each asset management program change that is selected by Zone 7 for implementation, Consultant will prepare an estimate of staffing resources required to implement and maintain the program. The results of this task will be documented in a draft and final technical memorandum.

Meetings/Workshops

- *None.*

Deliverables:

- *Draft and final electronic technical memorandum summarizing estimated staffing requirements.*

Task E6. Training (RFP/Proposal Task 12)

Consultant will allocate up to 40 hours of Consultant staff time for the development of curriculum and training materials for Zone 7 staff, and an additional 16 hours of Consultant staff time to conduct training activities. Training topics will be selected with input from Zone 7. Training topics could include implementation of the repair, rehabilitation and replacement decision process or the operation of selected information systems.

Meetings/Workshops

- *Training sessions.*

Deliverables:

- *16 hours (over 2 days) of training time.*
- *Training materials for up to 2 sessions.*

RESOLUTION FOR CONSULTANT CONTRACT AWARD FOR THE
UPDATE TO ZONE 7'S ASSET MANAGEMENT PROGRAM

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute a professional services contract with HDR Engineering, Inc., for consultant services for the update to Zone 7's Asset Management Program in an amount not to exceed \$200,000; and

BE IT FURTHER RESOLVED that the General Manager be authorized to negotiate additional work for an amount up to a maximum of \$10,000, if needed, for a total not-to-exceed amount of \$210,000.

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

February 17, 2010

By _____
President, Board of Directors

ORIGINATING SECTION: WATER SUPPLY ENGINEERING
CONTACT: MONA OLMSTED/JARNAIL CHAHAL

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: Award of Construction Contract to D. W. Nicholson Corporation for the Patterson Pass Water Treatment Plant Clarifier Rehabilitation Project, Project No. 201-10

SUMMARY:

- The upflow solids contact clarifier at the conventional Patterson Pass Water Treatment Plant (PPWTP) has exceeded the manufacturer's expected useful life by nearly 30 years, and failure of this facility would shut down the 12 million gallon per day (MGD) plant. A new clarifier mechanism is needed in order to increase plant reliability and prolong facility service life.
- The PPWTP Clarifier Rehabilitation Project is in the Fiscal Year 2009/10 Capital Improvement Program, with completion of the project in Winter 2010/11.
- The Engineer's Estimate for this construction contract is \$1,400,000.
- The project is categorically exempt from CEQA review. The Notice of Exemption was filed with the County on January 19, 2010.
- Zone 7 advertised and solicited bids for the Project, and on February 8, 2010, bids were received from nine bidders.
- The lowest responsive and responsible bidder is D. W. Nicholson Corporation, with a bid of \$1,015,720.00.

FUNDING:

This project is funded from Fund 72 – Renewal & Replacement/System-Wide Improvements, and funds are available in the Fiscal Year 2009/2010 budget.

RECOMMENDED ACTION:

Consider bids for the construction of the PPWTP Clarifier Rehabilitation Project and adopt the attached resolution to:

- Approve plans, specifications, appendices and addenda;
- Accept and award a contract to D. W. Nicholson Corporation, as the lowest responsive and responsible bidder for the bid amount of \$ 1,015,720.00;
- Authorize the General Manager to execute the contract with D. W. Nicholson Corporation; and
- Authorize the General Manager to issue change orders as and when required for an amount not-to-exceed \$ 101,572 (10% of contract amount).

ATTACHMENTS:

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

Interoffice Memo

Date: February 17, 2010
To: Jill Duerig, General Manager
From: Mona Olmsted, Associate Engineer, Water Supply Engineering
Subject: Award of Construction Contract to D. W. Nicholson Corporation for the Patterson Pass Water Treatment Plant Clarifier Rehabilitation Project, Project No. 201-10

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

BACKGROUND:

The upflow solids contact clarifier at the conventional Patterson Pass Water Treatment Plant (PPWTP) was constructed in 1962 (during the original treatment plant construction) and has been in service for nearly 50 years. According to the clarifier manufacturer, the expected useful life of the clarifier is 20 years. The clarifier's proper function and operation is critical to the reliability of the plant. Over the years, Operations and Maintenance staff have performed minor in-house repairs and annual cleaning and visual inspection of the clarifier. Also, the drive motors were replaced within the last 15 years. As a result of the evaluation of the clarifier rehabilitation project in the Asset Management Program (2003) and the PPWTP Capital Improvement Program Prioritization Study (2004), the project was upgraded to a full replacement of the clarifier mechanism including the steel structural components, rather than replacement of the drive mechanism and repair of steel parts. A new clarifier mechanism will increase plant reliability and prolong facility service life.

The PPWTP Clarifier Rehabilitation Project is in the Fiscal Year 2009/10 Capital Improvement Program, with completion of the project in Winter 2010/11, which coincides with the low demand period and annual plant maintenance shutdown. The Engineer's Estimate for this construction contract is \$1,400,000.

Staff has determined that the project is categorically exempt from CEQA review under Article 19, Section 15302, "Class 2 Replacement or Reconstruction," because it "consists of replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced" as referenced in Section 15302 of the CEQA Guidelines. The Notice of Exemption was filed with the County on January 19, 2010.

DISCUSSION:

Zone 7 advertised the project two times in two local newspapers in accordance with the Public Contract Code. In addition, the project was advertised on Zone 7's website, on the Onvia free online advertising service, and at 24 northern California builders exchanges. A mandatory pre-bid meeting was held on January 15, 2010. Nine bids were received and publicly read on February 8, 2010, at 2:00 p.m. in accordance with established procedures. There were discrepancies in adding up the amounts entered in the total cost column in the bids submitted by American Incorporated, CNB Corporation, and Syblon Reid Construction, Inc. The discrepancies were resolved in accordance with the Contract Documents and the corrected amounts, which do not affect the order of the bids, are shown below. The submitted bids were as follows:

<u>Name of Firm</u>	<u>Total Bid Amount</u>	<u>Corrected Bid Amount</u>
D. W. Nicholson Corporation	\$ 1,015,720.00	-
Valentine Corporation	\$ 1,028,369.00	-
GSE Construction Company, Inc.	\$ 1,037,806.00	-
American Incorporated	\$ 1,079,469.00	\$ 1,067,957.00
Pacific Infrastructure Corporation	\$ 1,105,000.00	-
CNB Corporation	\$ 1,139,218.00	\$ 1,139,219.00
K. G. Walters Construction Company, Inc.	\$ 1,149,216.00	-
Anderson Pacific Engineering Construction, Inc.	\$ 1,232,970.00	-
Syblon Reid Construction, Inc.	\$ 1,267,600.00	\$ 1,270,600.00

The bids have been reviewed by Zone 7 staff, and it was determined that the low bidder has complied with the bid requirements. Staff recommends authorizing the General Manager to execute a contract with the lowest responsive responsible bidder, D. W. Nicholson Corporation, for an amount not-to-exceed \$ 1,015,720.00, and to authorize the execution of change orders up to a maximum of 10 percent of the contract amount, if needed. All work will be measured for payment on actual items and quantities as directed by the District Representative designated for the project. This project is funded from Fund 72 – Renewal & Replacement/System-Wide Improvements, and funds are available in the Fiscal Year 2009/2010 budget.

ORIGINATING SECTION: ENGINEERING
CONTACT: KURT ARENDS

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: Increase Expenditure Authorization for Bay Delta Conservation Plan Consulting Services through February 2010.

SUMMARY:

- As a Potentially Regulated Entity participating in the Bay Delta Conservation Plan (BDCP) and as the party designated in the BDCP Cooperation Agreement to act as the contract administrator, Zone 7 has entered into several consultant contracts to secure BDCP related services.
- In order to perform analysis and prepare documents, the BDCP process relies on consultants for whom Zone 7 is currently the Contact Administrator.
- In January 2010, the Board increased the total authorized amount up to \$10.3 million which was anticipated to be adequate funding through February 2010 at which time Zone 7 was to end its role as contract administrator.
- Since that time, the Department of Water Resources (DWR) has determined that they can not have a contract in place before the end of May 2010 and Zone 7 has been asked to continue as the BDCP contract administrator until that time.
- The cost of the consultant's work from March 1 to May 31, 2010 is estimated at an additional \$2.2 million increasing the total amount for BDCP contracts to \$12.5 million.
- While Zone 7 currently has continuing cost share agreements in place with DWR and Mirant, the third agreement with San Luis & Delta Mendota Water Authority (SLDMWA) will expire and a new agreement is needed in order to guarantee Zone 7 repayment.
- As the current consultant contract supporting the BDCP effort will expire at the end of February if not amended, staff is requesting increased Board authorization up to \$12.5 million contingent upon securing adequate reimbursement agreements which could be with an entity other than SLDMWA.

FUNDING:

All of Zone 7 contract costs as administrator are reimbursed through cost share agreements with DWR, SLDMWA and Mirant Delta. Zone 7's share of the BDCP is funded 75% from Fund 52 – Water Enterprise and 25% from Fund 73 – Expansion as invoiced by DWR.

RECOMMENDED ACTION:

Adopt the attached Resolution authorizing the General Manager to 1) authorize work and associated expenditures related to BDCP consultant contracts up to \$12.5 million through May 2010; 2) negotiate and execute contracts and/or amendments for services with SAIC and other consultants as necessary in an amount not-to-exceed \$12.5 million; and 3) execute amendments to existing or new reimbursement agreements as needed with the California Department of Water Resources, Mirant Delta, San Luis & Delta Mendota Water Authority or other entity.

BE IT RESOLVED, that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to 1) authorize additional work and associated expenditures under existing consultant contracts to complete the BDCP; and 2) negotiate and execute contracts and/or amendments for services with SAIC and other consultants as necessary and selected by the Potentially Regulated Entities. The total not-to-exceed-amount authorized for all BDCP related consulting services is \$12.5 million;

BE IT FURTHER RESOLVED, that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to amend existing agreements or execute new agreements as needed with the Department of Water Resources, Mirant Delta, San Luis & Delta Mendota Water Authority or other entity to reimburse Zone 7 for costs incurred in connection with the consultant contract(s) referred to above.

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

February 17, 2010

By _____
President, Board of Directors

ORIGINATING SECTION: ENGINEERING
CONTACT: KURT ARENDS

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: New Flood Protection and Storm Water Drainage Development Impact Fee Ordinance Adoption, First Reading

SUMMARY:

- On March 18, 2009, Zone 7 adopted Ordinance 2009-01, which established the development impact fee necessary to collect the proportionate share of Stream Management Master Plan project costs attributable to future development.
- As part of the adoption, Zone 7 staff also recommended beginning a collaborative re-evaluation and update of the SMMP program costs with the cities of Dublin, Livermore, and Pleasanton in early 2012 to help address some of the issues raised by these three cities during development of the Study.
- Staff now recommends adopting a new ordinance, Ordinance 2010-01, which revises the fee schedule for the Development Impact Fee.
- The proposed fee structure within the new ordinance is as follows:
 - Existing Fee: \$0.783
 - Year 1 (1/1/10) - \$0.87 + ENR
 - Year 2 (1/1/11) - \$0.96 + ENR
 - Year 3 (1/1/12) - \$1.10 + ENR

FUNDING:

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

RECOMMENDED ACTION:

- No action required. Consider proposed Ordinance and continue to March 17, 2010 for adoption.

ATTACHMENTS:

- New Ordinance

ORIGINATING DIVISION: Administrative Services
CONTACT PERSON: John Yue

AGENDA DATE: February 17, 2010

ITEM NO:

SUBJECT: Proposed Budget for Fiscal Year 2010-11

SUMMARY:

- The total budget for Fiscal Year (FY) 2010-11 for both the operating and capital funds is \$124.0 million; a \$3.0 million decrease or 2.4% less than FY2009-10 budget.
- The total budget proposed for operating costs for FY2010-11 is \$90.5 million; a \$5.3 million increase or 6.2% over FY2009-10 budget.
- The total budget proposed for the capital project programs is \$33.4 million; an \$8.2 million decrease or 19.8% less than the FY2009-10 budget.
- The proposed budget was presented to the Finance Committee on February 8, 2010 and was recommended for forwarding to the full Board. Also, a meeting was held on February 9, 2010 to brief the Tri-Valley Water Retailers Group (TWRG) on the contents of the proposed budget. TWRG members continue to encourage pursuing additional cost controls, while maintaining an appropriate level of service.

RECOMMENDED ACTION:

Discuss and adopt the following resolutions approving the budget for FY2010-11:

- 10a. Resolution to adopt the budgets for the General/Flood Control Fund, State Water Facilities Fund and Water Enterprise Fund, pages A-1 – A-3.
- 10b. Resolution to adopt the budget for the Capital Projects Funds, pages B-1 – B-3.
- 10c. Resolution to adopt the budget for professional services for the General/Flood Control and Water Enterprise Funds, page C-1.
- 10d. Resolution to adopt the budget for professional services for the Capital Projects Funds, page D-1.

ATTACHMENTS:

Resolutions, background memorandum.

MEMORANDUM

DATE: February 8, 2010

TO: Jill Duerig, General Manager

FROM: John Yue, Assistant General Manager

SUBJECT: Proposed Budget for Fiscal Year 2010-11

SUMMARY:

The proposed budget for the Zone 7 Water Agency for fiscal year FY10/11 is submitted for your review and consideration. The budget document is the proposed financial plan for the coming fiscal year. It is intended to provide a summary of the programs and objectives of the Agency and the financing to support them.

The proposed FY10/11 budget is summarized in the following table. Operating Funds are comprised of General Fund/Flood Control (Fund 50), State Water Facilities (Fund 51) and Water Enterprise (Fund 52) total \$90.5 million, of which \$50.9 million are planned expenditures and \$39.6 million are reserves. Capital Funds are comprised of Renewal & Replacement Program and Systemwide Improvements Program (collectively Fund 72), Expansion Program (Fund 73) and Flood Protection and Stormwater Drainage (Fund 76), total \$33.4 million.

	FY 2009/10 Budget	FY 2010/11 Budget	Amount Change	% Change
Operating Funds				
General Fund/Flood Control	\$6,190,569	\$5,585,957	(\$604,612)	-9.8%
Reserves	\$19,842,155	\$23,429,429	\$3,587,274	
State Water Facilities	\$9,397,448	\$9,650,490	\$253,042	2.7%
Reserves	\$4,494,915	\$5,647,949	\$1,153,034	
Water Enterprise	\$36,465,068	\$35,716,839	(\$748,229)	-2.1%
Reserves	\$8,893,014	\$10,504,666	\$1,611,652	
Operating Funds Total	\$85,283,169	\$90,535,330	\$5,252,161	6.2%
Capital Funds				
Systemwide Improvements Program	\$5,068,940	\$2,900,449	(\$2,168,491)	-42.8%
Renewal & Replacement Program	\$4,055,500	\$5,729,000	\$1,673,500	41.3%
Expansion Program	\$15,773,055	\$20,696,244	\$4,923,189	31.2%
Flood Protection and Stormwater Drainage	\$16,771,500	\$4,093,500	(\$12,678,000)	-75.6%
Capital Funds Total	\$41,668,995	\$33,419,193	(\$8,249,802)	-19.8%
Grand Total	\$126,952,164	\$123,954,523	(\$2,997,641)	-2.4%

Issues and Trends

The most significant financial issues facing the Agency continue to be the funding of the capital improvement programs for the water and flood control programs in a down economy, and controlling operating costs. While some chemical costs have recently declined, the industry is projecting increases in anticipation of increases in oil prices. Combined with the effects of local conservation and other recycling efforts, water demands have decreased while water production costs remain high because of high fixed costs. The Governor's call to reduce consumption 20% by 2020 further lowers the future demand for water.

The Bay Delta Conservation Plan to address environmental issues, originally anticipated to be completed in 2010, is continuing due to delays. This translates to increased consultant costs in Zone 7's charges from the Department of Water Resources (DWR).

New development revenue is continuing at a low rate. Increased operating costs resulting from the construction of recently completed facilities such as the Mocho Demineralization Plant will continue to impact water rates in future years. Additionally, as the treatment and distribution infrastructure ages with time, the annual funding of the Renewal/ Replacement and System-wide Improvement Fund by the Water Enterprise Fund is increasing commensurate with the higher needs of the aging assets. An updated Asset Management Plan study to assess the condition of the infrastructure assets is about to commence. This planned collaborative effort to include participation by the retailer agencies will indicate if current funding projections are adequate or not.

The South Bay Aqueduct expansion/improvement project, being performed by DWR, is on-going and funded by connection fees. As the project expenditures ramp up, the debt-services charge from DWR is pushing fixed costs even higher in FY10/11. The Altamont Pipeline-Livermore Reach, has reached substantial completion and is funded from connection fees. The terms of the Installment Sale Agreement entered into in January 2008 permit funding the project with the short-term loan.

The economic down-turn continues to affect projected growth in the Zone 7 service area, impacting revenue from connection fees and the timing for expansion capital improvements. In January 2009, the California Department of Finance is projecting slow recovery as unemployment continues to grow even if the recession may be technically ending. The Association of Bay Area Government forecasts housing growth continuing to be slow in 2010 due to job loss and personal income remaining stagnant but sees some recovery in 2011.

For FY10/11, the Agency will continue to focus on implementing plans to ensure the availability of a sustainable water supply and drought storage protection, evaluate future water source impacts of climate changes, and to finalize the programmatic requirements and funding sources to complete the necessary flood control improvements to meet the needs of the service area community.

Staffing

The proposed budget for FY10/11 provides for 120.0 full-time equivalent positions. In 2009, the Board approved recommendations by staff to re-align staffing resources. Five (5) positions, Electrician (1), Instrument Technicians (2), and Construction Maintenance Laborer (2), were added and funded through the reduction of outside services contracts. This resulted in no incremental increase to the approved budget. As of February 5, 2010, there are twenty-two (22) vacant, unfilled positions. The "soft" hiring freeze that began in FY09/10 is continuing with ten (10) positions planned to remain unfilled in FY10/11. The "soft" hiring freeze combined with the Voluntary

Resignation Program in January 2010 having four (4) participants, has resulted in additional anticipated salary savings in FY10/11 of approximately \$1.3 million.

Operating Budgets

Revenue levels of all operating funds is estimated to increase by \$3.0 million while the operating budget appropriations are increasing overall by \$5.3 million over the previous fiscal year's budget: a decrease of \$1.1 million in expenditures and \$6.4 million in additional reserves.

The General/Flood Control Fund revenue is projected to decrease by \$1.5 million primarily reflecting overall lower property value assessments due to the slower economy. The expenditures are decreasing by \$0.6 million reflecting normal anticipated levels of flood control system maintenance in FY10/11. Project Reserve funds for major maintenance projects are increasing by \$3.6 million due in part to mild storm seasons in recent periods and in anticipation of projects planned in the Capital Improvement Plan (CIP).

The State Water Facilities Fund revenue is projected to increase by \$0.7 million primarily reflecting the property tax override and increased reimbursements needed to fund anticipated DWR charges for the State Water Project. The expenditures are increasing overall by \$1.4 million based on anticipated DWR charges for FY10/11. The reserves in this fund are increasing by \$1.1 million to reflect the cash flow needs pending receipt of property taxes and to address any changes implemented midyear by the Department of Water Resources. A portion of the State Water Project charges are funded by the Expansion program representing future users.

The Water Enterprise Fund revenue is projected to increase by \$3.8 million primarily due to the Board-approved 2010 water rates and the projected 2011 water rates. Expenditures are decreasing \$0.7 million from the FY09/10 budget, reflecting a \$0.5 million decrease in water treatment related costs for water, power and chemicals and a \$0.2 million decrease in other operating costs primarily in personnel, professional services, and maintenance of facilities. The reserves are at \$10.5 million, comprised of the emergency/operating reserves of approximately 20% of operating costs (includes \$1.8 million for salary savings due to the soft hiring freeze and additional cost reduction initiatives) and the remainder being Rate Stabilization Fund reserves. A Rate Stabilization Reserve Fund was established after the drought in the early 1990's in order to mitigate rate fluctuations in case of a major loss of revenue due to a prolonged drought or emergency supply outage. This amount is based on a potential 10% reduction in water sale revenue due to expected water conservation in the event of a drought. However, at the November 2009 Board meeting, the Board authorized the use of this rate stabilization reserve if needed due to conservation and the court-ruled DWR pumping reduction. For FY10/11, \$3.4 million is planned on being used to offset lower water sales revenue, if needed.

Capital Budgets

The capital projects expenditures budget is decreasing 3.0 million. The net decrease is comprised of a \$4.9 million increase in the Expansion program and a \$1.7 million increase in the Renewal and Replacement program. This is offset by a \$12.7 million decrease in the Flood Protection and Stormwater Drainage program and a \$2.2 million decrease in the System-wide Improvements program.

Contributions from the Water Enterprise Fund and Facility Use Fees provide the primary funding for the Renewal & Replacement and Systemwide Improvements programs. Transfers from the Water Enterprise Fund are planned at \$5.4 million in FY10/11. In addition, revenue of \$0.7 million is

anticipated from Facility Use Fees from water users in the Dougherty Valley area. Expenditures for FY10/11 budget total \$8.6 million. Planned projects include \$1.3 million for DVWTP Interior Coating Improvements to 4.5 MG Steel Clearwell; \$0.7 million for PPWTP Electrical System Upgrade; \$0.6 million for PPWTP Sewer System; \$0.5 million for DVWTP Chemical Systems/Parking Lot Improvements; \$0.5 million for Foley Road Re-alignment; \$0.4 million for Enhanced Conservation Program; \$0.4 million for PPWTP Ultrafiltration Membrane Replacement; \$0.4 million for building purchase sinking fund; \$0.3 million for PPWTP Improvements Studies 2011; \$0.3 million for DVWTP Improvements Project; \$0.3 million for HET and HEW Rebate Programs; and \$2.1 million for various projects under \$0.2 million each. A total of \$0.8 million in contingency funds for unanticipated and/or emergency projects is included in the proposed budget for these two programs combined.

The Expansion Program is funded through new development connection fees. Revenue from connection fees for FY10/11 is projected at \$8.0 million based on estimated new connections and \$0.3 million in interest earned. In January 2008, the Board approved Installment Sales Agreement (ISA) became effective. The ISA provides for the funding of the AWTP and the Altamont Pipeline Project. With the Altamont Pipeline Project – Livermore Reach completed, the ISA permits a draw of approximately \$30.5 million. This will provide additional funding at a low cost to meet reserves and other fixed costs project requirements during a period when new development is taking time to recover over the next three to four years.

The Expansion Fund expenditures for FY10/11 budget total \$20.7 million. Projects proposed under the Expansion Program include \$0.6 million for interest expense on the ISA and Capital Improvement Program Management; \$25,000 for Transmission System Master Planning; \$18.8 million for Water Supply and Conveyance projects (of which non-discretionary projects total \$18.2 million); \$23,000 for Water Treatment facilities projects; and \$0.3 million for Well Master Plan Wells. There is also \$0.5 million for contingency funds, and \$0.4 million for the N. Canyons Building lease. The major reason for reduced expenditures planned in FY10/11 is due to the substantial completion of the Altamont Pipeline – Livermore Reach, Mocho Demin and Chain of Lakes Wells 1 & 2 in FY09/10.

As a result of the slow-down in development activities and reduced connection fees revenue, Expansion Fund expenditures have been curtailed to cover primarily non-discretionary projects. Non-discretionary projects totaling \$18.2 million include the South Bay Aqueduct Enlargement/Improvement program debt service, Future Contractor's Share of the SBA, Cawelo Groundwater Banking Program debt service, interest expense on the ISA, N. Canyons lease, BDCP Program, Fixed Cost of Water Entitlements and SWP Peaking Payments to Lost Hills and Belinda Water Districts.

Revenue to be received by the Flood Protection and Stormwater Drainage Program in FY10/11 is estimated at \$0.8 million, from developer projects plus interest earned. Expenditures total \$4.2 million. Projects planned include \$1.5 million for the Development Impact Fee Program Update; \$1.3 million for improvements at Arroyo de la Laguna; \$0.4 million earmarked for the Streams Management Master Plan (SMMP) and new projects developed from that effort; \$0.4 for Channel Restoration; \$0.1 million in consulting and other costs; \$0.1 million for design review and management of the SDA program; \$0.1 million for lease costs of the new administration building; \$0.1 million contribution for building purchase sinking fund; and \$0.2 in various other projects.

RECOMMENDED ACTION:

Discuss and adopt the following resolutions approving the budget for FY10/11:

- 10a. Resolution to adopt the budgets for the General/Flood Control Fund, State Water Facilities Fund and Water Enterprise Fund, pages A-1 – A-3.
- 10b. Resolution to adopt the budget for the Capital Projects Funds, pages B-1 – B-3.
- 10c. Resolution to adopt the budget for professional services for the General/Flood Control and Water Enterprise Funds, page C-1.
- 10d. Resolution to adopt the budget for professional services for the Capital Projects Funds, page D-1.

2 /17 /10 Board Written/narrative Comments By Dick Quigley
Recent activity and involvement worth sharing.

Tuesday 1 /26- I visited with Charles Crowhair Sr. at his request regarding questions on roads gates and maintenance agreement. I would like to ask staff to investigate and give us a report at our April meeting or before.

Wednesday 1/27- Met with Kurt & Carol in two one-on-one meeting briefing on El Charro specific plan and path forward with other stake holders. I had some questions and concerns and I understand other board members had similar briefings. I am inclined to think this issue may be a committee agenda item for discussion.

Friday 2/5 I attended an ACWA Workshop on the comprehensive Legislative Water package. 9:30 –Noon.

- Guidelines for Public Agencies regarding Ballot Measures discussed in depth. Permissible activities, Prohibited activities, and difference in public Board v/s staff involvement. BDCP role also discussed in depth and well described in ACWA news and on ACWA web site: I encourage Boni and Tim Hunt who were in attendance to give a thumb nail staff report to the Board. Agencies were asked to take a clear position ASAP. Educating the public was key.

- What's in the package was covered well by Tim Quinn, executive director ACWA, and Ron Davis, State Legislative Director; Conservation Components were covered well by Dave Bolland, senior regulatory advocate ACWA; Groundwater Monitoring was covered by Danielle Blacet, and David Orth; and Educating the Public was covered well by Jennifer Persike. A frequently asked questions sheet to help public agencies with Ballot Measures was handed out and is on the ACWA web site and a pie chart of the \$11.14 billion and where it is to be dedicated. Federal partnering and funding was also discussed.

Noon -3 PM I attended an ACWA Region 5 board meeting. I was reinstated as outreach captain: Region 5 strategic work plan for 2010-2012 was discussed and approved.

From: Dick Quigley <rlquig1@comcast.net>

Date: February 8, 2010 12:31:59 PM PST

To: Jill Duerig <jduerig@zone7water.com>

Cc: Judy Rector <jrector@zone7water.com>, Sarah Palmer <palmerdive@comcast.net>, Christopher Moore <Christopher.M.Moore@comcast.net>

Subject: Fwd: Photos-Great informative Water/Environment educational tool!

FYI

Following two pictures are from my Friday visit to ACWA workshop and Board meeting at CCWD Concord. GREAT MEETING!

First picture is a Watershed model in the CCWD lobby- (about 4'X4') and a great informative educational tool. I would encourage us to consider a similar model for our unique watershed.



Second picture is the front of CCWD two story administration center. I learned it was built in 79-80 period and houses 95 people.

I liked the boardroom set up, as it was more theater style and public friendly.

It is no secret I favor exploring going up and out at Parkside as a fiscally responsible board direction for the future.



LARPD Board communication:

From: "David/Karen Furst" <kdfurst@sbcglobal.net>

Date: February 1, 2010 2:39:57 PM PST

To: "'Dick Quigley'" <rlquig1@comcast.net>

Cc: "'Tim Barry'" <tbarry@larpd.dst.ca.us>

Subject: RE: Several other issues

Dick – thanks for the email. We do have statistics for Sycamore Grove. Brushy Peak is open by guided tour only, so, although I assume we have the statistics for Brushy Peak too, attendance is very small based on the four or five guided tour each year. david

From: Dick Quigley [mailto:rlquig1@comcast.net] **Sent:** Monday, February 01, 2010 9:17 AM **To:** David/Karen Furst **Cc:** Jill Duerig; Tim Barry **Subject:** Re:Several other issues

David

Thanks!

I watched your last two board meetings on public TV and appreciate your bringing my boards interest into play. Looks like April may play out if I heard right. I have a committee ready and willing to serve.

When we pay consultants jointly, and they give our boards individual out turn board reports, why are our staffs, LARPD staff and Zone 7 staff are in the process of writing the Executive Summary for the phase 2 Sycamore Tree study.

Did the original consultant contract call for an "Executive Summary"? Generally an executive summary is "boiler plate" standard.

Several other issues around our service areas make me believe a joint Liaison committee meeting might be beneficial: i.e., mitigation easements, trail gap progress, and, of course, water & conservation where partnering be possible.

Also FYI: Note some interesting statistics on park attendance I got from Warren Shultz's office at Shadow Cliffs last week.

I am wondering if LARPD has similar statistics for Sycamore Grove/Vets and Brushy Peak park properties?

Comparison might be revealing.

ACWA web announcement:

CALIFORNIA'S LEGISLATIVE WATER PACKAGE
Regional Implementation Workshop

The 2009 comprehensive legislative package marks a new era in California water. At its core, it signals a shift toward water management policies designed to achieve the co-equal goals of water supply reliability and ecosystem health. The transition will bring challenges for local water agencies in the coming years. ACWA has made a commitment to help its members meet those challenges.

ACWA will hold regional workshops to discuss the implementation of the legislative water package. The workshops will allow ACWA members an opportunity to discuss key components of the legislation in an interactive format. Some of the topics to be covered at the workshops are:

- Conservation Compliance Options
- Water Rights Protection
- Delta Governance Structures
- In-stream Flow Criteria
- Fund Allocations
- Public Outreach & Education

These meetings will also give us an opportunity to discuss issues that may emerge in the legislature, such as proposals to impose fees on water use.

There is no registration fee for these workshops.

Heads up! ACWA REGION 4 EVENT
Freeport Intake Facility Tour & Presentation

Come tour the soon to be completed Freeport Regional Water Project which will be the future backbone of water management in the central and southern Sacramento regions.

This project will deliver surface water from the Sacramento River to help manage groundwater recharge banking and implement environmental enhancement programs that will enhance habitat and water quality.

This unprecedented regional collaboration is in an effort between Regional Water Authority, Freeport Regional Water Authority, Sacramento County Water Agency and East Bay Municipal Utility District.

WHEN: Friday, February 26, 2010
 10 a.m. to Noon

Registration fee is \$25

Light refreshments will be served.

Reminder- Mark your calendars for the 20th Anniversary Banquet of the Alameda County Chapter, California Special Districts Association.

March 25, 2010 at Pleasanton Marriott. See www.csda.net

Local chapters are independent groups of special districts formed to create local networks of special district leaders. Chapter functions and meeting schedules vary by location with some meeting only annually to elect LAFCo representatives and some meeting as often as monthly to transact business, share ideas, and engage in educational opportunities.

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

Thanks!

Dick Quigley

ORIGINATING SECTION: ADMINISTRATION

CONTACT: Jill Duerig

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: GENERAL MANAGER'S REPORT

SUMMARY: The following highlights a few of the key activities which occurred during the month of January. Also attached is a list of the GM contracts executed during the month.

Operations:

- DWR is moving forward with the repair work on the SBA-Del Valle Branch Pipeline. They are removing the surge tank by cutting the tank into three pieces and then reassembling it on the new foundation (to the east in a more stable area), while increasing its height 10' by either raising the foundation or adding an additional 10 foot section to avoid overflowing during higher lake levels. They are also installing a 60" welded steel pipe encased in concrete along the original pipeline horizontal alignment but 20-30 feet deeper in and around the stable bed rock. Once the pipeline installation is complete, they will then repair the slide area.
- With the SBA off-line for the expansion and improvement project and the failure of the Del Valle Branch Pipeline, Zone 7 supplied 50.5% surface water and 49.5% groundwater (including demineralized groundwater) in January 2010. PPWTP was down for the full month due to maintenance and repair work. DVWTP was back in service on January 14, 2010.

Engineering and Flood Control:

- Start-up of the Chain of Lakes facilities continues. The soft-start programming for the wells seems to cause some significant pressure surges/spikes in the distribution system. The design engineer is working on a solution. In preparation for further testing, all surge protection facilities were inspected and calibrated to the extent feasible. Pressure relief stations were also inspected, reset to design pressure settings and a valve replacement program is being designed, along with the addition of dechlorination facilities.
- The Central Valley Regional Water Quality Control Board (CVRWQCB) is in the process of reviewing and assessing Sacramento Regional County Sanitation District's (SRCSD) application to renew their NPDES discharge permit. Currently, SRCSD is discharging 141 mgd of secondarily treated wastewater. SRCSD's permit application indicates their desire to increase that secondary discharge up to 218 mgd. The CVRWQCB has published an Issue Paper on drinking water and public health issues related to this increased discharge. Staff co-signed a comment letter along with ACWD, SCVWD, CCWD, the State Water Contractors and the Metropolitan Water District of Southern California, which emphasized the long-standing concerns about the discharge from the SRWTP and its effects on drinking water quality and public health, specifically water quality degradation to our source water, discharge flow discrepancies in both the EIR and permit application, and lack of data sources in the report.

Environmental & External Affairs:

- Despite the welcome recent storms that have blanketed the Sierra with snow and dramatically increased river flows, the state and federal water supply prospects remain as if California is in a fourth year of drought. Despite the huge flows in the system, the two water projects are pumping at only about half their capacity due to continued pumping restrictions. Estimates are that combined losses are greater than 90,000 acre-feet in a single week. That much water could have served the needs of about 180,000 California families for a year.
- Negotiations between state and federal agencies to construct the Two-Gates Demonstration Fish Protection project have stalled. This interim Delta fix was supported by both farmers and water agencies. The Department of the Interior said that they were delaying the project to review the scientific data supporting the supposed benefits. State agencies are considering next steps.
- Staff is working on preparing applications for various grants to partially fund conservation efforts. The two grant applications in process are for a Bureau of Reclamation grant (\$50,000) and a DWR Proposition 50 grant, which could be more substantial.
- Staff has also been meeting with DWR (state) and federal staff to discuss the possibility of grant opportunities for the capital portion of the Delta-Diablo Sanitation District desalination project.
- The Bluebell desilting project took place in 2003/04. It supposedly required five years of mitigation monitoring. In 2009, staff met with the US Army Corps of Engineers (USACE) personnel who had accepted the completion of the monitoring work. Staff received an email from RWQCB staff stating that they do not concur with the USACE conclusion and that they are asking for several more years of monitoring. Staff is communicating with RWQCB along with personnel from CDFG, USFWS and USACE to schedule a meeting to discuss the issue. ESA Consulting will assist staff in the discussion and identifying strategies and alternatives.

Finance & Administration

- The first half of the SCCDA Proposition 1A securitization amount (\$245,660) was received on January 19th and credited to Flood Control Fund 50.
- Staff attended the ABAG Bay Area Economic Outlook conference on Jan 26th. The chief economist of the California Department of Finance spoke, projecting slow recovery as unemployment continues to grow even if the recession may be technically ending. The ABAG research director forecasts housing growth continuing to be slow in 2010 due to job loss and personal income remaining stagnant but sees some recovery in 2011. Of note, Pleasanton has the 12th lowest foreclosure rate out of the Bay Area communities, with fewer foreclosures recorded in 2009 than 2008. None of the communities served by Zone 7 are on the high rate of foreclosure list.

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

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: Recent & Upcoming Public Outreach Activities

Recent Public Outreach Activities

“Tooth Fairy” Movie Toothbrush Giveaway, January 23

Outreach staff, along with our popular “Drippy” mascot, had a water-conservation table set up during the opening Saturday of the new PG-rated children’s film, “Tooth Fairy,” at Regal Hacienda Crossings 20 in Dublin. We distributed toothbrushes reminding kids and adults to turn off the water while they brush, along with other water-conservation information. Theater staff invited us to participate in this event following our successful co-sponsorship of the summertime Family Film Festival in 2008 and again in 2009.

Spring Home & Garden Show, Feb. 12-15

Zone 7, along with other agencies participating in the Alameda County Flood Control and Water Conservation District’s Clean Water Program, shared a booth with messages about both storm-water pollution prevention and water conservation during the Home & Garden Show at the Alameda County Fairgrounds.

Upcoming Public Outreach Activities

Spring Water-Wise Gardening Workshops, March 27, April 3 & April 24

We will co-sponsor with our retailers three separate Saturday workshops on drought-tolerant gardening, with participation from local experts in the areas of water-wise plant types and irrigation practices. We also plan to provide indoor water-saving tips and information on rebates for high-efficiency washing machines and toilets:

- **Saturday, March 27, from 2 to 3:30 p.m. at the Livermore Civic Center Library,** 1188 S. Livermore Ave., in cooperation with the City of Livermore and the California Water Service Company.
- **Saturday, April 3, from 11 a.m. to 12:30 p.m. at the Pleasanton Library,** 400 Old Bernal Ave., Pleasanton, co-hosted by Zone 7 and the City of Pleasanton.
- **Saturday, April 24, from 2 to 3:30 p.m. at the Dublin Library,** 200 Civic Plaza, Dublin, co-hosted by Zone 7 and Dublin San Ramon Services District as part of Dublin Pride Week.

Livermore Science Odyssey, March 18

Zone 7 is providing several hundred copies of the first two editions of *Water for Tomorrow*, a joint publication of the Association of California Water Agencies and National Geographic Publishing, to be distributed during this annual science fair for Livermore students. We will be listed as a sponsor on the fair brochure and other promotional materials.

Tri-Valley Science & Engineering Fair, March 30-April 2

As in past years, Zone 7 staff will serve as judges on water-related projects during the Tri-Valley Science & Engineering Fair. This event, geared to high school and middle school students, is sponsored by the Lawrence Livermore National Laboratory. The judging itself will take place on March 31.

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Zone 7 and the City of Pleasanton will cosponsor an Earth Day event to be held at the Saturday morning Farmers' Market at Main and West Angela streets. We will have a large space for tables with activities, games and education about water conservation and water pollution. We also will have a table at Livermore's Earth Day celebration, to be held from around 10 a.m. to 4 p.m. at Robertson Park.

ORIGINATING SECTION: Administration
CONTACT: Jill Duerig/Tim Hunt

AGENDA DATE: February 17, 2010

ITEM NO.

SUBJECT: State Legislature: 2010

SUMMARY:

- Zone 7 staff, with the support of the agency's lobbying firm, The Gualco Group, Inc., and the agency's legislative support consultant, Tim Hunt, monitors legislation that is being considered in Sacramento.
- Staff, with recommendations of the agency's lobbying firm, determines a number of bills of interest to Zone 7 for the legislative session. Of particular interest to Zone 7 are bills regarding specific water issues, such as Delta sustainability.
- The 8th special session of the two-year session is continuing and requires the Legislature to focus on closing the estimated \$6.6 billion gap between revenues and expenses in the current budget. February 19th is the deadline to introduce bills for the 2010 session.
- Four bills of specific interest already are before the Legislature.
 - SB 808 (Wolk) cleared both Senate Appropriations Committee and the full Senate and has gone to the Assembly. Bill was amended to sunset the bill in 2013 instead of 2015. Bill declares the Legislature's intention to extend current law four years to reimburse local agencies for costs incurred to maintain and/or improve project or non-project levees in the Delta. Reimbursement not to exceed 75% of the costs in excess of \$1,000 per levee mile.
 - AB 1594 (Huber, co-author Torlakson). The bill would prohibit construction of a peripheral canal (Delta conveyance) unless authorized by the Legislature; would require an economic feasibility analyst by the Legislative Analyst's Office; and would require that the canal's operation not diminish or negatively affect the water rights, supplies or quality of water within the Delta. Zone 7 staff forwarded a letter of opposition.
 - SB 918 (Pavley). Requires state Dept. of Public Health adopt uniform water recycling criteria for indirect potable water use. Watch
 - SB 565 (Pavley, Steinberg) Strengthens State Water Resources Control Board's authority to require diversion reporting and increases penalties. Was part of water package in November that didn't make it into final bill. Powerful authors, question is whether other legislators will allow re-opening "the deal."

FUNDING: No funding necessary.

RECOMMENDED ACTION: Information only.

**ZONE 7 WATER AGENCY
TOXIC SITES SURVEILLANCE REPORT
2009 WATER YEAR**

EXECUTIVE SUMMARY

Zone 7 Water Agency is currently tracking the progress of 81 active toxic sites where contamination has been detected in groundwater or is threatening groundwater. There are 18 active sites within 2,000 feet of a municipal water supply well; however, only 11 are classified as “High Priority” cases due to their impact or threat of impact on potable groundwater supplies. Zone 7’s database contains 223 other contamination cases that have been either “Closed” or deemed “No Action Required” because they have been cleaned up or they pose minimal threat to drinking water supplies. Six new cases were opened during the 2009 Water Year. During this same period, four cases were closed, and six more are being considered for closure at the time of this report.

The attached Figure ES-1 contains maps that show the locations of the High Priority toxic sites and their relative proximity to municipal water wells.

The six new cases opened since the last TSS Report was released have been initially designated “Low” to “Moderate Priority” due to the relatively minor contamination detected so far, and/or the considerable distance separating the sites from the municipal groundwater supply. However, as with all of the active sites, their priority will be reevaluated as the results from their further investigations are reported.

Since the last TSS Report, four cases were closed by the Alameda County Environmental Health Department (ACEH) and/or the Regional Water Quality Control Board (RWQCB) with no objection from Zone 7 staff. Generally, the contamination at these sites were characterized, remediated and monitored sufficiently to demonstrate that they no longer pose a risk to human health and the environment. The RWQCB and ACEH have required the Responsible Parties (RPs) for the six pending case closure requests to conduct additional groundwater monitoring to provide further evidence that the residual contamination is minor and stable (i.e., not significantly fluctuating in concentration nor migrating in the subsurface).

The State Water Board has undertaken recent efforts to streamline the process for site closure in the interest of conserving the Underground Storage Tank (UST) Fund, without compromising water quality objectives and human health and safety. On May 19, 2009, the State Water Board passed Resolution 2009-0042 which put forth several requirements that affected sites within Zone 7 Water Agency’s groundwater basin. In addition to other requirements, the Resolution directs Regional Water Boards and Local Oversight Programs (LOPs) to perform case reviews of all petroleum Program Fund sites and prioritize the sites that are ready for closure. Case reviews and reports to the State Board are due by June 30, 2010. The Resolution also requires that all petroleum cases reduce quarterly monitoring events to a semi-annual basis or less frequent unless site-specific conditions warrant otherwise.

Below are summaries of the progress and activities conducted for the eleven “High Priority” sites since the last TSS Report (November 2008). Additional information on these and other active sites are available in the full 2009 Toxic Site Surveillance Report, which can be obtained by contacting Cheryl Dizon at (925) 454-5047 or cdizon@zone7water.com.

- Site 62: B&C Mini-Mart: Quarterly monitoring for fuel components, i.e., total petroleum hydrocarbons as gas (TPHg), total petroleum hydrocarbons as diesel (TPHd), the aromatic compounds benzene, toluene, ethylbenzene, and xylenes (known collectively as BTEX), methyl tertiary-butyl ether (MTBE) and tertiary-butyl alcohol (TBA), has been reduced to a semi-annual basis due to State Water Board Resolution 2009-0042. In the latest submission of a Corrective Action Plan, several remedial alternatives were evaluated. The consultant proposes to continue the use of a combination of Ozone/Air Sparging System as long as the sparge points are submerged and Soil Vapor Extraction when the source zone is unsaturated. Should this approach proved to be ineffective in reducing contaminant concentrations, then Dual Phase Extraction will be used as a contingency plan.
- Site 115: Livermore Arcade/Miller’s Outpost Shopping Centers: This site is still a major concern because PCE continues to impact California Water Service (CWS) wells CWS-08, CWS-14 and CWS-31. CWS currently operates a granulated activated carbon (GAC) system to remove PCE from the water produced by CWS-14 which otherwise has PCE concentrations above the MCL. In a Groundwater Investigation Report submitted this year, the consultant suggested other potential contributors to the plume; however, insufficient data suggesting commingling weakens this argument. A delineation of the PCE plume in the shallow and deeper aquifer and its impact to CWS-08, CWS-14 and CWS-31; and concept level evaluation of remedial activities were also presented. The RP has also met with the RWQCB, CWS and Zone 7 to discuss the findings of the investigation to help them develop a revised Contingency Plan and Remedial Action Plan.
- Site 226: Livermore Gas & Mini Mart: The UST Cleanup Fund is still in a financial crisis and reimbursement payments to claimants continue to be significantly delayed. Consequently, the Work Plan for Pilot Test Soil Vapor Extraction (SVE) & Operation was delayed. The RP finally began constructing the SVE system in November 2009 and ACEH approved an extension for Pilot Test Report to April 30, 2010. Quarterly monitoring for this site has been reduced to a semi-annual basis due to State Water Board Resolution 2009-0042.
- Site 231: Unocal Station #4186: Quarterly monitoring for this site has been reduced to a semi-annual basis due to State Water Board Resolution 2009-0042. The Ozone Microsparge System remains off. The RP’s consultant claims that while existing data shows that ozone injection is effective in reducing petroleum hydrocarbon impact to the groundwater, tertiary-butyl alcohol, a fuel oxygenate, (TBA) concentrations remain elevated; therefore, the configuration of the current system needs to be re-evaluated. ACEH has directed the RP to submit a Remedial Performance Summary, which include

the reasons for the system not being active, and a Work Plan for Ozone Sparging System Upgrade by February 24, 2010.

- Site 238: All Rents: At this time, no action has been formally requested by the RWQCB because the RWQCB does not recognize this site as an official case. In June 2009, Zone 7 Staff forwarded a letter from the property owner indicating that prior groundwater sampling took place at the site. Information on previous dry cleaners in the vicinity from the dry cleaner survey performed by ACEH was also provided to the RWQCB. Now that we've identified a viable RP, Zone 7 is urging the RWQCB to open this site as a formal case and direct corrective action.
- Site 23: South Hop Shell: A groundwater extraction system (GWES) operated on this site from July 2003 to May 2006. Shutdown of the system was approved by ACEH with the condition that subsequent quarterly monitoring reports include an evaluation of plume migration and the need to restart the system. Recent monitoring results indicate an increasing trend of TBA concentrations in an offsite well. While the GWES may have been controlling plume migration, it was not achieving mass removal. In a meeting between the RP and ACEH, source area treatment was discussed and the RP proposed sulfate treatment in the UST area. ACEH requested a Work Plan to conduct pilot test source area treatment by March 16, 2010. Monitoring for this site has been reduced to a semi-annual basis due to State Water Board Resolution 2009-0042, but may revert to quarterly sampling when active remediation resumes.
- Site 60: Former Steve's Exxon #7-3399: The groundwater extraction system has been running continuously since February 21, 2007 and the plume appears to be stable. The 4th Quarter 2009 Report states that 7.536 lbs TPH, 0.0812 lbs benzene and 4.904 lbs MTBE were removed last quarter. Quarterly monitoring for this site has been reduced to a semi-annual basis due to State Water Board Resolution 2009-0042.
- Site 242: Alameda County Fairgrounds: No further development has occurred on this case since the last TSS Report. Like Site 238 above, Zone 7 reported the detection of PCE contamination in one of the Fairgrounds' water supply wells to the RWQCB after it was reported to Zone 7 in 2000. Also like the Site 238 case, the RWQCB has not issued cleanup orders because they do not know who the potential RPs are. Zone 7 Staff is working with state DPH to require the Fairgrounds to seal all unused wells located on their property. Zone 7 staff will also continue to try to engage RWQCB staff in a search effort to determine the potential RPs. While, the Fairgrounds continues to operate their wellhead treatment system to ensure the safety of the public.
- Site 245: Hopyard Cleaners: The Soil Vapor Extraction (SVE) system is currently running and successfully removing VOC mass. For the first month of the SVE operation, it removed a total of approximately 4 pounds of contamination. The groundwater-VOC plume appears to be stable and not expanding and soil-VOC plume is confined on-site, under the dry cleaning facility. The final groundwater remedial action will either be in-situ chemical oxidation (ISCO) or enhanced in-situ bioremediation (EISB).

- Site 250: Sunol Tree and Gas: New property owner, Khan Petroleum, continues to operate the pump and treat wellhead system. Zone 7 has contacted ACEH and requested they expedite action on this since the MTBE plume, with concentrations above the MCL, continues to migrate offsite.
- Site 191: Former Beacon, #3604: ACEH approved an oxygen injection and soil vapor extraction system. The consultant is continuing to work with the City of Livermore to obtain Noise Permits prior to installation and operation of the remediation system. Quarterly monitoring for fuel components, i.e., total petroleum hydrocarbons as gas (TPHg), total petroleum hydrocarbons as diesel (TPHd), the aromatic compounds benzene, toluene, ethylbenzene, and xylenes (known collectively as BTEX), and methyl tertiary-butyl ether (MTBE), has been reduced to a semi-annual basis due to State Water Board Resolution 2009-0042.

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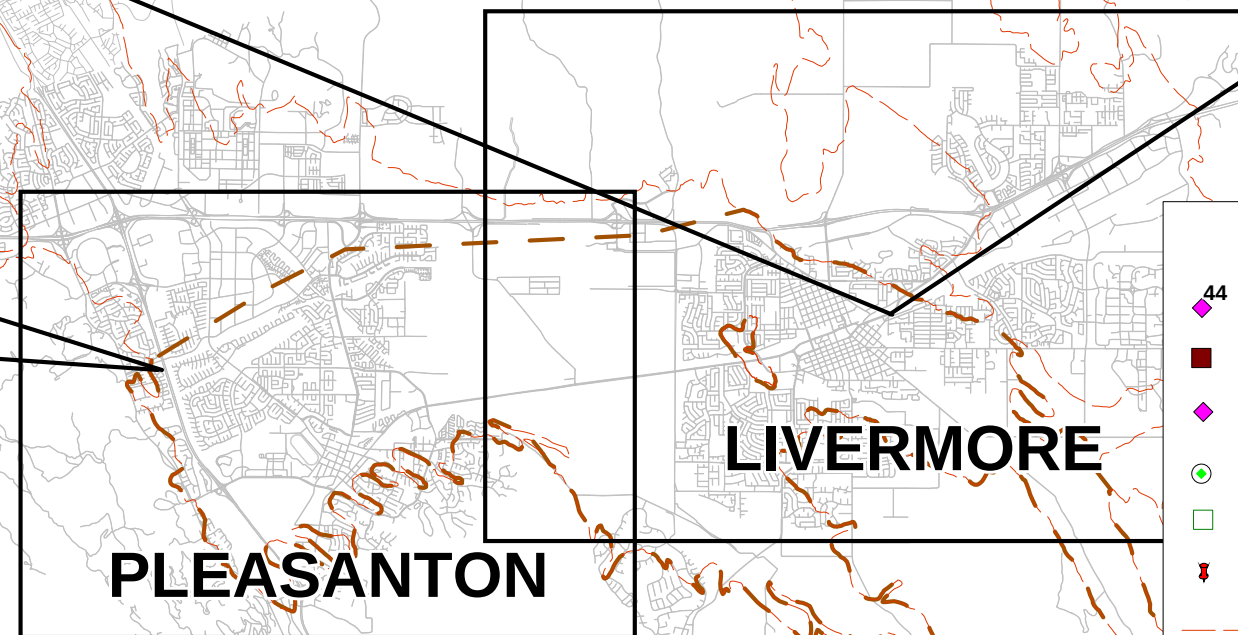
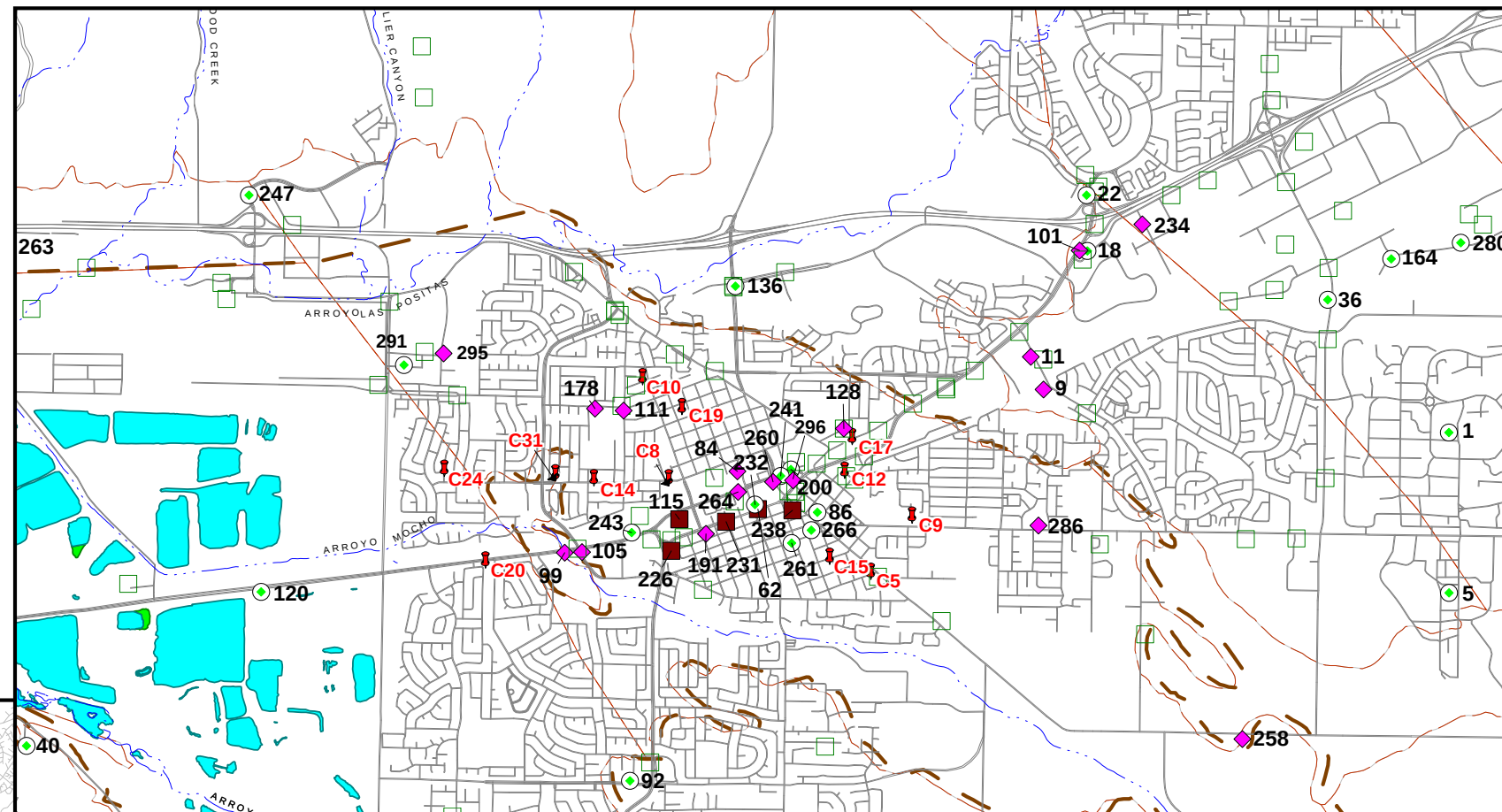
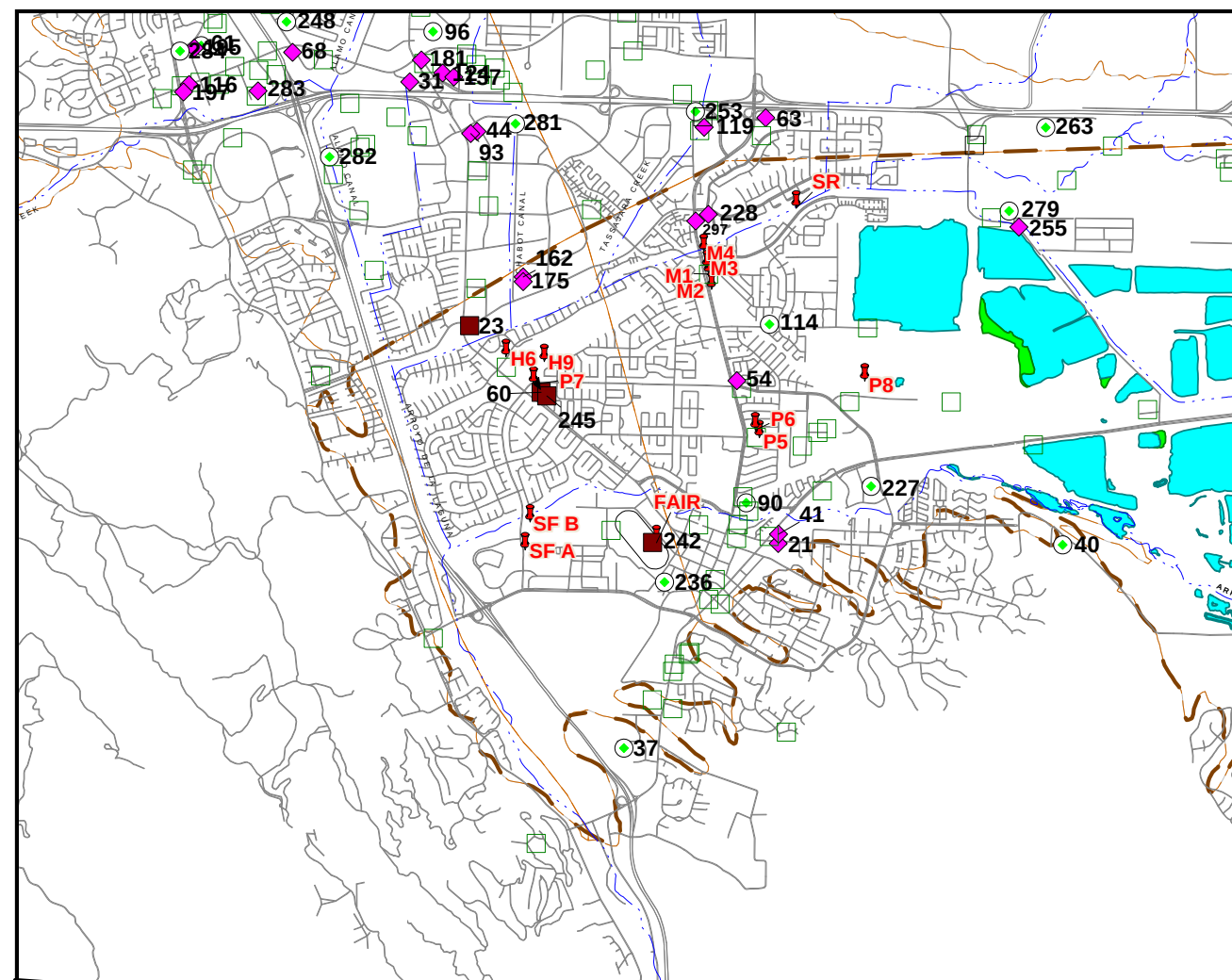
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LEGEND	
◆ 44	Zone 7 Site File Number
■	Priority 1 (Highest)
◆	Priority 2
●	Priority 3
□	Closed Site
+	Public Supply Wells
---	Subbasin Boundary
---	Main Basin Boundary
---	Streams

ZONE 7 WATER AGENCY
100 NORTH CANYONS PARKWAY
LIVERMORE, CA 94551

FIGURE ES-1
TOXIC SITE SURVEILLANCE
LOCATIONS OF HIGH PRIORITY SITES

Drawn By: CWiney
 Date Updated: January 2010 by CD
 File: lzone7-file\mapinfo\Toxic\ToxReport2009ExecSum.wor

