ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: **Wednesday, February 19, 2014**

TIME: **6:30 p.m. CLOSED SESSION**

7:00 p.m. OPEN SESSION (time approximate)

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

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

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

A G E N D A

1. CLOSED SESSION - OPEN SESSION TO FOLLOW AT APPROXIMATELY 7:00 P.M.

   (a) Conference with Legal Counsel -- Initiation of litigation pursuant to Gov't Code Section 54956.9(d) (4): 2 cases.

   (b) Conference with Legal Counsel -- Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 2 cases

   (c) Conference with Legal Counsel -- Potential litigation pursuant to Gov't Code section 54956.9(d) (3): 1 case.

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

2. Open Session and Report Out of Closed Session (approximate time: 7:00 p.m.)
3. Call Meeting to Order
4. Pledge of Allegiance
5. Citizens Forum

   This is an opportunity for members of the public 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 15, 2014, and Special Meeting of January 29, 2014

7. Consent Calendar

   a. Zone 7 Conflict of Interest Code - Biennial Review
   b. Authorization to Execute PWRPA Agreements for Astoria II and Future Agreements to Receive PWRPA Power
   c. Personnel Action: Junior/Assistant Engineer/Geologist Position

8. Staffing Update:

   a. New Employee Introductions
   b. December Employee of the Month Recognition
   c. Congratulations to Retiree

9. Chain of Lakes Well No. 5 - Hearing on the Resolution of Necessity Declaring the Public Necessity for Acquisition of Property Interests from Alameda County APNs 904-1-2-5 and 904-1-7-18 and Directing the Filing of Eminent Domain Proceedings

   <u>Recommended Action: Adopt resolution.</u>

10. Chain of Lakes Preliminary Lake Use Evaluation - Draft Report and Near-Term Recommendations

    <u>Recommended Action: Adopt resolution.</u>

11. Committees - Water Resources Committee - notes

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

13. Items for Future Agenda – Directors

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

    a. General Manager's Report
    b. Communications Outreach Activities
    c. Legislative Update
    d. Monthly Budget Report
    e. Drought Update
    f. Verbal Reports

15. CLOSED SESSION - Continuation of Agenda Item No. 1

16. Open Session and Report Out of Closed Session

17. Adjournment

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

    a) Special Board Meeting (if needed): March 5, 2014
    b) Regular Board Meeting: March 19, 2014, 7:00 p.m.
    c) Tri Valley Water Liaison Committee Meeting: March 26, Operations Center, 3333 Busch Road, Pleasanton, 5:00 p.m.

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

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

REGULAR MEETING

January 15, 2014

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

DIRECTORS:	SANDS FIGUERS JOHN GRECI A J MACHAEVICH SARAH PALMER RICHARD QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT: NONE	
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION JOHN KOLTZ, SENIOR ENGINEER, WATER FACILITIES ENGINEERING JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

Item 2 - Pledge of Allegiance

President Stevens led a salute to the flag.

Item 3 – Citizens Forum - None.

Item 4 - Minutes of the Regular Meeting of January 29, 2014:

Director Palmer moved and Director Ramirez Holmes seconded the motion to approve the minutes as presented. The minutes passed by a 7-0 voice vote.

Item 5 - Consent Calendar

Director Ramirez Holmes requested that Consent Item 5 (b) be pulled from the Consent calendar for discussion. Director Palmer moved that Item 5 (a) be approved and Director Greci seconded the motion which was approved by a voice vote of 7-0.

Resolution No. 14-4331	Authorized a four-way funding agreement among EBRBD, ACWD, SCVWD and Zone 7 to continue the Quagga and Zebra Mussel prevention program for Lake Del Valle. (Item 5a)

Director Ramirez Holmes questioned the cost of a candidate's statement for the 2014 election as stated in Consent Item 5 (b). Ms. Rector responded that the Registrar of Voters has not completed the computation for the actual cost of the candidate's statement of qualifications for the 2014 election but there was agreement among the Directors that the amount in the resolution, $1740, was too low and the resolution should be revised. Director Ramirez Holmes said that it might be hard to collect the extra money from candidates after they file, so she suggested that the resolution be revised to reflect an upfront amount of $3,093, the 2012 cost, although the actual cost will be higher because it is based on the number of voters in 2014.

After further discussion, Director Ramirez Holmes moved and Director Quigley seconded a motion to amend the resolution to $3,093. A roll call vote of 7-0 was called and the amended resolution was approved.

Resolution No. 14-4332	Authorized and requested the Board of Supervisors to call an election for the election of four members of the Zone 7 Board of Directors in the Director Primary Election to be held on June 3, 2014. (Item 5b)

Item 6: Staffing Update:

Ms. Duerig announced that Dale McCombs, Water Plant Operator III, has been selected as the November 2013 Employee of the Month. Dale works in the Distribution and Wellfield section of Operations, based out of the Parkside office. He handles the Underground Service Alerts (USAs) and his verbal skills allow him to communicate confidently about Zone 7 facilities with contractors in addition to his skills and knowledge of pipelines and equipment that assure our facilities are protected. The Board applauded him in absentia.

Item 7 – Award of Construction Contract for the PPWTP Ultrafiltration Clarifier Corrosion Control Upgrades Project

Kurt Arends, Assistant General Manager, Engineering, told the Board that the Clarifier at the Patterson Pass Ultrafiltration plant has been showing signs of corrosion of steel within the clarifier. This project's scope is to go in and patch the coating of the steel where there are signs of corrosion as well as the cathodic protection. This project was exempt from CEQA and a Notice of Exemption for the project was filed with the Alameda County Clerk and Recorder's Office. Three bids were received and the lowest responsive bidder, Industrial Coating and Restoration Service, Inc., was determined not to be a responsive bidder because of not submitting bid certification documents. They contacted Zone 7 that they had made a monetary error in their bid which is why their bid was significantly lower than the other bids. The second lowest responsive and responsible bidder was TPA Construction, Inc. with a bid of $190,000 and they also had an error in their original bid of $200,000 in the mathematical summation. Staff re-added TPA's numbers and corrected the bid to $190,000 so Staff is recommending an award of the bid to TPA Construction for $190,000.

Director Figuers asked if TPA Construction had been contacted that their bid had been changed. Mr. Arends said they had been contacted and there is not much they can do. They would have to demonstrate that they made a material error in the bid process if they had chosen to remove their bid.

Director Ramirez Holmes asked about the lifespan of the clarifier since it was just installed in 2003. Mr. Arends responded that the corrosion was premature and a corrosion expert checked the facility in 2011 and two causes of corrosion were identified 1) the coating was worn off edges where it could have been dinged or hit and 2) cathodic protection was deemed not adequate for the facility.

Director Ramirez Holmes asked about the future CIP project and if it would be cost effective to move up the CIP project or if they are two separate projects. Mr. Arends said they are two different projects and both have to be done. This project is more immediate because the steel is corroding but the concrete is more of an Asset Management project and there isn't any duplication between the two projects.

Director Figuers asked if there is sufficient variation in the water chemistry/quality going into the tank and if the ground currents going into the tank are checked? John Koltz, Senior Engineer, responded that there is not sufficient variation in the water quality and that currents are checked annually with the corrosion evaluation.

Director Ramirez Holmes moved and Director Quigley seconded the motion which was approved by a roll call vote of 7-0.

Resolution No. 14-4333	The Board approved the PPWTP Ultrafiltration Clarifier Corrosion Control Upgrades Project. (Item 7)

Item 8 - Award of Construction Contract for the Mocho 4 Well Repair Project

Mr. Arends said the contract was to replace the pump at the Mocho 4 Well facility. Over the past year the production and capacity of the well has decreased consistently over time. An investigation showed the most likely cause was failure of the pump that was installed in 2002. Another pump was pre-purchased to replace this pump by detaching the motor and pulling the column out, cleaning and doing a video inspection, replacing the column and needed parts and putting the pump back in.

Director Greci asked how they would clean the screens. Mr. Arends said they put a brush down and bail out any waste while adhering to discharge requirements into the creek by capturing the water. While the pump is out, staff is able to inspect and do any maintenance before replacing the pump.

Director Palmer asked if the casing is actually pulled out or just the shaft and was told just the shaft. Director Ramirez Holmes asked what the price of the pump purchased is and was told $35,000. Director Greci said 10 years is a good life cycle as much as it is used for a domestic well pump.

Mr. Arends added that a Notice of Exemption was filed under CEQA guidelines and the project was advertised and bids solicited for the project. Three bids were received and Layne Christensen Company was determined to be the lowest responsive and responsible bidder with a bid of $99,000.

Director Figuers asked if this well produces much silt or sand and Mr. Arends said this well does not produce that much which affects the lifespan of the pump.

Director Palmer moved for approval of the resolution and Director Quigley seconded the motion. The motion passed with a roll call vote of 7-0.

Resolution No. 14-4334	The Board approved the Mocho 4 Well Repair Project. (Item 8)

Item 9 – Committees - Water Resources Committee, January 13, 2014 - notes pending

As a member of the Water Resources Committee, President Stevens said Committee members reviewed the draft of the Chain of Lakes' study for Lakes H, I and Cope Lake. It provides a backbone structure to evaluate the rest of the lakes. A draft report will come to the Board next month for approval. Director Greci commended staff for their effort to make the report simple and easy to understand regarding the functionality of the Chain of Lakes. It established the criteria for each lake and which are best for recharge and recreation. He said the report was well done and staff did a great job.

Item 10 - Reports - Directors

a. Verbal comments by President

President Stevens reported he went to a LAFCo meeting and they want a presentation on all of the water districts and sanitary districts. He thinks it is a great opportunity to tie in the Bay Delta Conservation Plan (BDCP) to the various agencies in Alameda County. He reported that LAFCo did not have any comments on Zone 7's letter on completing the Contra Costa Principles of Agreement.

President Stevens also attended a Liaison meeting with East Bay Regional Park District and the Livermore Area Recreation and Park District regarding Patterson Ranch with Director Quigley also attending. He gave them an update on Patterson Ranch and said Zone 7 had purchased it with reserves with the two main focuses being water rights and watershed management. Although the park districts were interested in hiking trails, President Stevens told them that there is a private lease and public access is not allowed yet. He suggested a Liaison meeting with East Bay Regional Park District and Livermore Area Recreation and Park District to discuss Patterson Ranch and the Chain of Lakes.

b. Written report by Director Quigley

Director Quigley noted the March 5 Tri-Valley Utility and Coordination meeting at the Martinelli Event Center and asked if Zone 7 knew about it and if anyone is attending the meeting. General Manager Jill Duerig said that the Liaison Committee has the March 5th date on their calendars.

Director Quigley took an Honors Class from Granada High School on a tour of DSRSD's wastewater treatment plant. Director Quigley said the plant has an average 12 MGD/day thru-put, six to purple pipe and six to LAVWMA.

c. Other Directors' Verbal Reports

Director Palmer reported she had attended a GRACast webinar on dioxin and urban runoff and the effect on groundwater and has copies of slides she wants to share at the next Board meeting.

Director Palmer asked if Zone 7 has a subscription to the Water Law & Policy Monitor Bloomberg Bluebird bureau of national affairs has a lot of good information on fracking and other things that are of interest. Director Figuers commented on whether there is going to be a time when MCLs are forced to be applied to private wells.

Director Ramirez Holmes reported that former Pleasanton Mayor Ken Mercer passed away and asked that tonight's board meeting be adjourned in his honor.

Item 11 - Items for Future Agenda - Directors

President Stevens noted that the Governor will probably make an announcement soon, possibly in February after the next snow measurement about the drought and we typically do not address our drought situation until April. He suggested to Ms. Duerig that staff keep the board informed.

Item 12 - Staff Reports (Information items.)

a. General Manager's Report
b. Communications Outreach Activities
c. Legislative Update
d. Monthly Budget Report
e. Update on Zone 7 Vehicle Fleet
f. Verbal Reports

General Manager Jill Duerig noted the incredibly dry "wet" season we are having and that everyone is expecting the Governor to have a Declaration of a State Emergency because of the drought which we are expecting after the February snow survey and will provide updates as they are received. The April Sustainability Report is when Zone 7 evaluates data and determines conservation needs. There are several reasons: 1) we stand on a lot of good history at Zone 7; 2) we have a very robust system where we bring in extra water; we buy, we invest, and recharge the groundwater basins or other basins where it is artificially recharged and not subject to evaporation so we have a lot of storage underground, we have invested in wells and other infrastructure and can withdraw that water from our underground storage. Zone 7's system allows us to sustain a year or two of drought. This is the third year so there is a good chance of asking for additional conservation. This is not just the driest year of record but a third less than the second driest year on record. The California Water Action Plan that Secretary of Natural Resources John Laird will be talking about on January 30th will address how the different components fit together to make sure that the whole state is in better shape.

Director Palmer asked about a statement in the General Manager's Staff Report about DWR getting a report of water flowing through a backyard in Fremont and why the entire South Bay Aqueduct had to be shut down. Ms. Duerig explained that there are some older isolation valves that can't be operated unless the pipeline is empty. We are in the process of putting in an isolation valve downstream of our last turnout and it was part SBA Enlargement and Improvement project but it still has not been tested and the current shutdown has caused no water at Zone 7 plants because they are testing the valve. Eventually that project will be completed and DWR will be able to close the valve and isolate downstream problems and keep us in water during that process. Director Palmer noted that it is a security issue since we are in earthquake country and we should have a number of isolation valves so we don't lose access to water. Ms. Duerig said we get two shutdowns with the way a functional valve is now but it will be changed as part of the project.

Director Ramirez Holmes thanked Zone 7 staff for donating $890 to Open Heart Kitchen as part of the holiday potluck as noted in the General Manager's Report. She also noted that perhaps a program honoring the volunteers for the Living Arroyos project could be implemented. Ms. Duerig said she will take the suggestion back for discussion by staff and partners.

Director Ramirez Holmes also asked for information about the Stoneridge trail being blocked. Ms. Duerig clarified that residents and quarry operators said it was unclear to people using the trails what areas were open and what areas were closed to the public. We have license agreements with the Cities to operate those trails so the Cities have added signage or blocked out areas which were never intended to be open to the public. We have not received any complaints since that action was taken.

Director Figuers looked at an analysis of snow fall records back to 1970 for the Tahoe Region and said that it is not that unusual for dry Januarys and Februarys and it occurs about every six to eight years.

Director Palmer thanked her students from her AP Class that came to the board meeting.

The board went into closed session at 7:45 p.m.

Item 13 - Closed Session

(a) Conference with Legal Counsel -- Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 2 cases.

(b) Conference with Legal Counsel -- Potential litigation pursuant to Gov't Code section 54956.9(d) (3): 2 cases.

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

(d) Conference with Real Property Negotiator:
Property: APNs 946-1251-029-00 and 946-1251-8-6 (partial)
Agency Negotiator: G.F. Duerig
Negotiating Parties: Robert M. Krantz, UPRR and Daniel Woldesenbet, AlCo PWA
Under negotiation: Price and terms of payment

Item 14 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 8:42 p.m. President Stevens reported there were no reportable actions taken in closed session.

Then Director Palmer moved and Director Figuers seconded a motion approving Resolution 14-4335 by a voice vote of 7-0.

Resolution No. 14-4335 The Board of Directors approved that the Supplemental Agreement to the Memorandum of Understanding between the International Federation of Professional and Technical Engineering, Local 21 and Zone 7 shall continue in full force and effect through June 22, 2013, and salaries shall not be increased for the term of this Supplemental Agreement but bargaining unit employees shall receive a one-time payment of $1,000 on the February 28, 2014 paycheck.

Director Figuers moved and Director Machaevich seconded a motion approving Resolution 14-4336 by a voice vote of 7-0.

Resolution No. 14-4336 The Board of Directors approved the Memorandum of Understanding between the International Federation of Professional and Technical Engineering, Local 21, and Zone 7 which shall be effective for the period June 23, 2013, through July 1, 2017, and approve a salary increase of 3% each year.

Director Quigley moved and Director Palmer seconded a motion approving Resolution 14-4337 by a voice vote of 7-0.

Resolution No. 14-4337 The Board of Directors approved an amendment to Appendix A, Footnotes to Salary Schedule Section 2.15 - Boot Allowance (Local 21) to the salary schedule contained in the Memorandum of Understanding between the International Federation of Professional and Technical Engineering, Local 21, and Zone 7 which shall be effective beginning January 15, 2014.

Director Greci moved and Director Palmer seconded a motion approving Resolution 14-4338 by a voice vote of 7-0.

Resolution No. 14-4338 The Board of Directors approved a Side Letter of Agreement between the International Federation of Professional and Technical Engineering, Local 21, and Zone 7 for a "Me Too Clause" with regard to wages for the period 2016-2017 and this Side Letter of Agreement shall be effective for the period June 23, 2013 through July 1, 2017.

Item 15 - Adjournment

The meeting was adjourned at 8:45 p.m. in memory of former Pleasanton Mayor Ken Mercer.

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

SPECIAL MEETING

January 29, 2014

President Stevens called the meeting to order at 7:05 p.m. The following were present:

DIRECTORS:	SANDS FIGUERS JOHN GRECI A J MACHAEVICH SARAH PALMER RICHARD QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT: NONE	
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING CAROL MAHONEY, SENIOR GEOLOGIST, INTEGRATED PLANNING AMPARO FLORES, ASSOCIATE CIVIL ENGINEER, INTEGRATED PLANNING BRAD LEDESMA, ASSOCIATE CIVIL ENGINEER, INTEGRATED PLANNING RHETT ALZONA, SENIOR ENGINEER, FACILITIES ENGINEERING JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 3 – Citizens Forum -

General Manager Jill Duerig presented a letter from Ann Montgomery, a Pleasanton resident, who was unable to attend the Board meeting but has concerns about future discussions revolving around how individuals will have tiered rate structures or 20% reductions in use and how it would be applied for individual users.

Item 4 – Public Comments - None

Item 5 – 2014 Drought Emergency Response Plan

Ms. Duerig said that the last Board meeting she had an optimistic response about the drought and we had a lot of water stored in outside areas to keep our water supply whole; however, the Department of Water Resources has since said that, although water was banked in areas such as Semitropic and Cawelo, we may not be able to access it and our allocation from the State Water Project may drop to 0%.

Staff rose to the challenge to figure out how Zone 7 is going to provide water to the people in our service area. Integrated Planning staff talked about how they developed a Drought Emergency Response Plan and the Capital Projects group discussed three projects that were developed to keep Zone 7 as whole as possible.

Dr. Amparo Flores, Associate Civil Engineer, Integrated Planning, did a presentation on the water supply issues that are faced by the State Water Project. Zone 7 normally relies on the State Water Project for 80% of our supplies. She discussed some of the key sources and the conveyance of supplies for the State Water Project. In late November Zone 7 had an initial 5% allocation and after monthly updates, the final water allocation is decided in about June. There have been other dry years since 1999 with the driest year in 2008 but the lowest allocation of 30% was in 1991. In 2013, 600,000 acre feet of water were lost of which 2% would have been delivered to Zone 7, about 12,000 acre feet and a significant impact to our water supply. 2013 was the lowest year observed over 90+ years of record. January 2014 has been very dry with minimal snow accumulation. Current lows are below 1975-76 conditions which were the lowest ever experienced by the State Water Project.

Director Palmer arrived at 7:10 p.m.

Dr. Flores added that Zone 7 is preparing for the worst case scenario for our water supplies with 0% allocation, delta pumping stopped, and losing access to all of the imported water, dry year transfers and Semitropic and Cawelo water storage.

Director Ramirez Holmes asked for more information after Dr. Flores noted that Lake Oroville has had issues with inoperable river valves which have become a complex engineering problem and dangerous. Director Greci talked about Lake Pardee which is losing 1 foot per day and East Bay Municipal Utility District may be out of water from Pardee by May.

Director Palmer asked if, after Governor Brown's declaration, water exchanges are going to be easier to do. Ms. Duerig said a proclamation makes it easier to do from a regulatory standpoint but there are physical limitations of the system and if there is salinity intrusion, they can't operate the pumps. Director Greci added that years ago when Zone 7 started wheeling water to Cawelo and other areas, all of the water was excess water that went into storage but it could not be pumped back up in a reverse direction. When we needed the water, they limited the release to Southern California and diverted it back to us. The problem now is that if they shut down the State Water Project, we do not have infrastructure to do the exchanges. We have the water stored there but we can't bring it back so banking it did not do Zone 7 a lot of good if you can't get it back due to a lack of infrastructure. Ms. Duerig answered that this shows us what the worst case scenario means. We have pulled back water in dry years but only when the State Water Project was operating. It is completely new territory for the State Water Project which has been around since the 60's and this is much worse than the 90-year old records show and what the State Water Project has seen before.

Brad Ledesma, Associate Civil Engineer, Integrated Planning, continued the presentation from a local standpoint with the words "Zone 7 Action Plan: prepare for the worst, hope for the best." He discussed the worst case scenario of no water from the South Bay Aqueduct, groundwater storage amounts, and rainfall data. Lake Del Valle is only 72% full, only half available due to dead storage in the lake itself, and split among the three South Bay Aqueduct contractors. Mr. Ledesma discussed the water demands in conjunction with the worst case scenario, conservation, and the potential of a 20% reduction in water use. Drought response plan water supply options such as the groundwater basin, Lake Del Valle, the South Bay Aqueduct, Chain of Lakes, and emergency interties were also presented with the goal of making it through the summer of 2014 and into 2015.

Director Figuers arrived at 7:38 p.m.

Next steps were discussed including providing monthly updates throughout the drought emergency and presenting the 2014 Annual Sustainability Report at the April Board meeting.

President Stevens asked for public comments.

Bert Michalczyk, General Manager of Dublin San Ramon Services District, complimented the Integrated Planning staff for the presentation given to the retailers earlier in the week. He stated that DSRSD endorses Zone 7's consideration for a declaration of a local drought emergency and they are ready and willing to help Zone 7 through the drought situation. He asked Zone 7 to identify the level of conservation and quantify the amount for the retailers as soon as possible so they can tell their individual customers and customer classes what to specifically do besides save water.

The Board received a copy of a letter from Terry Rossow, 743 Wimbledon Lane in Livermore, who also spoke. He feels that asking people who have been conserving for years to further reduce their usage by the same percentage as others is unfair and is contradictory to what Zone 7 is trying to achieve.

Daniel Smith, City of Pleasanton, offered help by the City of Pleasanton. He shared that Pleasanton has a robust well system that is available and their biggest well, Well 8, has been refurbished and has a new pump and motor so is a good asset to help make it through the season. Pleasanton has also been working with DSRSD to convert a big park to recycled water and with the City of Livermore on converting a couple of large new customers to recycled water. City of Pleasanton staff was going to their City Council with a 20% drought proclamation and will keep their Council updated monthly. The public is asking what does 20% mean and how are we going to manage the reduction, what does it look like? Whatever we can do now will help us later. The message to the public is what we do internally and what we do as retailers in looking at the base period for reductions and not penalize those that conserve versus those that haven't. The City of Pleasanton is willing to help, appreciate working with Zone 7, and the assets Pleasanton has are available to help.

Director Ramirez Holmes suggested that the Board adopt a specific percentage. Missing from this plan is a clear list of water conservation items available now from Zone 7 and retailers including rebates. Next month maybe we can spend time and do better public outreach so we are able to give resources to the public.

Ms. Duerig mentioned that Kennedy Jenks is reviewing the conservation program because current rebate programs may not be necessary anymore such as toilet rebates due to plumbing code changes. Also rebates for drought tolerant plants may not be wise because initially the plants require more water to establish them and then there might be a prohibition on outdoor watering. Information will be brought forward as available but it was intentionally left out of tonight's program because we don't have enough information yet to make a proposal.

Director Figuers said he disagrees with a 20% across-the-board reduction and agrees with the contents of the two letters presented to the Board from Ann Montgomery and Terry Rossow. For people who have conserved, what is left to cut back?

Director Greci added that this is the biggest crisis we have ever had in this valley but he does not believe that mandatory restrictions are needed right now. It is going to take a cooperative effort by every citizen in this valley and it takes a full understanding of the complexity of this water system. We need to let the public know in an educational way that this is not going to be solved by Zone 7 or the retailers and it is going to take an effort by everyone in the valley because if we work together, we won't have to have rationing, restrictions or increased costs. It can be resolved by individual efforts by local citizens and it is important to get the word out.

Gail Shearer, owner of Tazetta Winery, encouraged Zone 7 staff to talk to the Wine Growers Group about how the drought will affect vineyards in the valley. A 20% reduction in water will be destructive to the vineyards.

Director Quigley spoke about Zone 7's water supply from the State Project being vulnerable, fixing the Delta, and being cognizant of the need for water from the north. He added that if a new conveyance were in place, many of these issues would not exist. He noted desalination, blending and use of recycled water are common in Southern California. ACWA will have a Drought Task Force. He favors a voluntary reduction of 10% to 20% and the need for a state fix.

President Stevens clarified for the public that the drought banks are south and the California Aqueduct flows south, mostly by gravity. During droughts, water still goes downstream and water is pumped into the Aqueduct, we take water from the Aqueduct, so the net is zero. The problem we are having is if there is no water in the Aqueduct, we cannot take water out. The Cawelo banking system is for drought protection and is a great system. But if there isn't water in the Aqueduct, you can't take advantage of it and no one ever thought this would happen. Also, the last two years have been dry, which stressed our groundwater reserves and if you over pump and draw down too much, you lose more capacity. We may not be able to pump down as far as we think we can.

Director Quigley moved for approval of the resolution and Director Palmer seconded the motion. The motion passed with a roll call vote of 7-0.

Resolution No. 14-4339	The Board of Directors declared a state of drought emergency, accepted the Drought Emergency Response Plan and authorized the General Manager to establish appropriate levels of conservation. (Item 5A)

Item 6 – Contract for Design and Construction of Chain of Lakes Well No. 5

Assistant General Manager, Engineering, Kurt Arends, told the Board that in conjunction with the Drought Emergency Response Plan, staff identified three projects that need to go online as soon as possible and help offset short-term impacts and assurances against long-term shortages. These projects will be sole-sourced in order to meet the expedited timeline. The projects were presented to the Board by Rhett Alzona, Senior Engineer, Facilities Engineering.

Mr. Alzona explained that Conco West, Inc., built Chain of Lakes Wells No. 1 and 2 after Stantec designed it and Layne Christensen did the well drilling. Constructing Chain of Lakes Well No. 5 immediately will help reduce potential water shortages so staff recommended a turn-key contract with Conco West to design and construct Chain of Lakes Well No. 5 for $3,600,000 in the FY 13-14 budget. Completion of the project is estimated for August 2014.

Director Ramirez Holmes asked if we own the land for the Chain of Lakes Well No. 5? Mr. Aladjem responded that we do not own that land at present and are working with the land owner to allow access. She asked if it has an impact on the East Pleasanton Specific Plan. Ms. Duerig replied that this well was part of the Chain of Lakes Well Master Plan and should already be considered in the Specific Plan.

Under public comment, Jennifer Jamieson from Rhodes and Jamieson spoke to the board on behalf of Pleasanton Gravel. She wanted to make it clear that they want to see proposals in writing, how much land is needed, where it will be, and on record that East Pleasanton Specific Plan, which they oppose, is not associated with the project.

President Stevens explained to the audience that Zone 7 keeps costs down by using pay-as-you-go for debts for specific projects so there are reserves for future Patterson Pass WTP.

Director Palmer moved for approval of the resolution and Director Figuers seconded the motion. The motion passed with a roll call vote of 7-0.

Resolution No. 14-4340	Authorized a contract with Conco West, Inc. for the design and construction of the installation of Chain of Lakes Well No. 5. (Item 6)

Item 7 – Contract for Design and Construction of Pipeline between Cope Lake and Lake I

Mr. Alzona continued with the second project, pipeline construction between Cope Lake and Lake I. In 2013 Zone 7 completed work with Vulcan Mining to capture discharges and transfer into the lake where water is stored but unavailable. This project would allow for more volume of mining water discharges and the ability to transfer water from Cope Lake to Lake I for recharge. Staff recommended a contract with CH2M Hill for the design and construction of this project in an amount not to exceed $1,200,000 and an additional appropriation of $950,000 for FY 13/14 for this project. Completion of the project is estimated for May 2014.

Director Palmer moved for approval of the resolution and Director Quigley seconded the motion. The motion passed with a roll call vote of 7-0.

Resolution No. 14-4341	Authorized a contract with CH2M Hill for the design and construction of a pipeline between Cope Lake and Lake I. (Item 7)

Item 8 – Contract for Design of Valley Avenue Well

Mr. Alzona explained the third project, Valley Avenue Well, was also part of the Well Master Plan EIR. This well would need chemical facilities so there is an additional cost and an extended timeline. Completion is projected for February 2015. The proposed contract with Stantec is for initial design and related drilling to determine on-site hydrology including designing the water supply well, pump house, vertical turbine well pump and motor, chemical system, ingress/egress improvements, grading, paving and fencing. Additional appropriations will be sought as the project moves forward. The amount is $1.4 million for FY 2013/14.

Director Palmer asked about the sole sourcing for these contracts. General Counsel David Aladjem replied that because the Board adopted the resolution declaring a local drought emergency, the general rule for public bidding is that it does not apply when there is an emergency and the public bidding process would delay these projects by 6 months or more and these projects need to come online as soon as possible.

Director Greci expressed his concern about moving too fast for the well and being taken advantage by the drillers. Mr. Alzona assured him the costs are in line with Chain of Lakes Wells 1 and 2.

Ms. Duerig confirmed that the projects will be paid for from funds in the reserves. Director Ramirez Holmes asked whether Zone 7 owns the property for the Valley Avenue Well. Mr. Aladjem said there have been negotiations with the land owner and Zone 7 should have access shortly.

Director Palmer moved for approval of the resolution and Director Greci seconded the motion. The motion passed with a roll call vote of 7-0.

Resolution No. 14-4342 Authorized a contract with Stantec for the design Busch Valley Well No. 1. (Item 8)

The board went into closed session at 8:28 p.m.

Item 9 - Closed Session

(a) Conference with Legal Counsel – Initiation of litigation pursuant to Gov't Code section 54956.9(d) (4): 3 cases.

Item 10 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 8:28 p.m. President Stevens reported that there were no reportable actions taken in closed session.

Item 11 - Adjournment

The meeting was adjourned at 9:07 p.m.

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: JUDY RECTOR

AGENDA DATE: February 19, 2014 ITEM NO. **7a**

SUBJECT: Zone 7 Conflict of Interest Code - Biennial Review

SUMMARY:

- Every local governmental agency must review its Conflict of Interest Code biennially to determine if it is accurate or if the code must be amended.
- The last Zone 7 Water Agency Conflict of Interest Code review and update was in February 2012.
- This update is in preparation for submittal of the 2013 Form 700's.
- A review of Zone 7's Conflict of Interest Code indicates that no changes are necessary other than amending the list of Designated Positions to reflect positions which have been added, deleted or have had title changes since the last review subject to forwarding those changes to the Fair Political Practices Commission (FPPC) for consent and approval.

FUNDING:

No funding is required for this action.

RECOMMENDED ACTION:

Adopt the attached resolution amending the Zone 7 Conflict of Interest Code.

ATTACHMENTS:

- Memo providing additional background and discussion
- Zone 7 Board Resolution

Interoffice Memo

Date: February 19, 2014
To: Jill Duerig
From: Judy Rector
Subject: Zone 7 Conflict of Interest Code - Biennial Review

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

BACKGROUND:

Under provisions of the Political Reform Act, every local governmental agency must review its conflict of interest code biennially to determine if it is accurate or if the code must be amended. Amendments made to Zone 7's Conflict of Interest Code must be forwarded to the Fair Political Practices Commission (FPPC) for consent and approval.

This Conflict of Interest Code is promulgated under the authority of the Political Reform Act, Government Code section 81000, *et seq.*, which requires all state and local government agencies to adopt and promulgate a conflict of interest code. 2 California Code of Regulations (CCR), Section 18730, as adopted by the Fair Political Practices Commission, contains the terms of a standard conflict of interest code, which may be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act.

Therefore, the terms of 2 CCR Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix in which positions are designated and disclosure categories are set forth, constitute the Conflict of Interest Code of the Zone 7 Water Agency.

Designated employees other than the General Manager shall file their statements of economic interest with the Board Secretary who will make the Statements available for public inspection and reproduction (Government Code Section 81008). The original statement of the General Manager shall be forwarded to the Fair Political Practices Commission (FPPC) and a copy retained by the Board Secretary.

DISCUSSION:

No changes are necessary other than amending the list of Designated Positions to reflect positions which have been added, deleted or have had title changes since the last review. Those changes are:

1. Add the following positions to the list of Designated Positions:

    Employee Services Manager
    Employee Services Specialist

2. Delete the following Designated positions:

Assistant General Manager, Personnel

3. Title changes:

From:	To:
Assistant General Manager, Finance	Assistant General Manager, Administrative Services

Staff recommends approval of the draft resolution amending the Zone 7 Conflict of Interest Code.

FUNDING: None (no fiscal impact)

RECOMMENDED ACTION: Adopt attached resolution

MEMO ATTACHMENT: Appendix of Disclosure Categories

APPENDIX OF DISCLOSURE CATEGORIES

Category 1:
Persons assigned this category must report all interests in real property.

Category 2:
Persons assigned this category must report all sources of income from investments and business positions in any business entity located within the jurisdiction.

Category 3:
Persons assigned this category must report all sources of income from investments and business positions in business entities which manufacture, or contract, or foreseeably contract or sell supplies, machinery or equipment of the type utilized by the agency.

Category 4:
Persons assigned this category must report all sources of income from investments and business positions in business entities or individuals providing services which contract with or furnish goods or services to the member or otherwise solicit business from the member.

Category 5:
Persons assigned this category must report all sources of income from investments and business positions in business entities who perform constructions or engineering work or services of the type utilized by the agency.

Category 6:
Persons assigned this category must report all sources of income from investments and business positions in business entities manufacturing or selling water-purification chemicals, supplies, equipment, machinery or materials utilized by the agency.

Category 7:
Persons assigned this category must report all sources of income from investments and business positions in business entities which manufacture or sell, lease or service office equipment and supplies; motor vehicles and parts thereof; petroleum products; data processing hardware and software.

Category 8:
Persons assigned this category must report all sources of income from investments and business positions in business entities selling stocks, bonds, mutual funds and other securities.

Category 9:
Persons assigned this category must report all sources of income from investments and business positions in employment agencies or temporary help agencies.

Category 10:
Persons assigned this category must report all sources of income from investments and business positions in business entities which solicit for, contract with, or provide goods or services to the agency of the designated official.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

WHEREAS, the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District adopted a Conflict of Interest Code on February 16, 1977 by Resolution No. 818, and subsequently amended by Resolution No. 1533 on March 18, 1992; Resolution No. 1698 on October 19, 1994; Resolution No. 96-1822 on August 28, 1996; Resolution No. 98-1991 on November 18, 1998; Resolution No. 00-2212 on October 18, 2000; Resolution No. 02-2423 on October 16, 2002; Resolution No. 04-2671 on September 15, 2004; Resolution No. 07-2934 on October 18, 2006; Resolution No. 09-3238 on November 19, 2008; Resolution No. 10-4009 on June 16, 2010; and Resolution No. 12-4161 on February 15, 2012;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby amend the Conflict of Interest Code section entitled, "APPENDIX OF DESIGNATED POSITIONS," as follows:

APPENDIX OF DESIGNATED POSITIONS

POSITIONS	ASSIGNED DISCLOSURE CATEGORIES
Member, Zone 7 Board of Directors	1,2
General Manager	1,3,4,5,6,7,8,9,10
Assistant General Manager, Engineering	1,3,4,5,6,10
Assistant General Manager, Administrative Services	1,3,5,6,7,8,9
Engineering Manager	1,3,4,5,6,10
General Counsel	1,3,4,5,6,7,8,9,10
Financial & Systems Services Manager	1,3,5,6,7.8.9
Executive Assistant	1,3,5,6,7,8,9
Principal Engineer/Geologist	1,3,4,5,6,10
Senior Engineer/Geologist	1,3,4,5,6,10
Water Quality Manager	3,4,5,6,10
Operations Manager	3,4,5,6,10
Maintenance Manager	3,4,5,6,7,10
Water Facilities Supervisor	3,4,5,6,10
Facilities, Maintenance & Construction Supervisor	3,4,5,6,10
Construction Inspector	3,4,5,6,10
Human Resources Analyst II	9,10

POSITIONS	ASSIGNED DISCLOSURE CATEGORIES
Accounting Manager	1,3,5,6,7,8,9
Staff Analyst	1,3,5,6,7,8,9
Buyer II	3,4,5,6,7,10
Transportation & Supply Coordinator	7,10
Associate Control Systems Engineer	5,6,10
Water Conservation Coordinator	3,4,5,6,10
Employee Services Manager	1,3,5,6,7,8,9
Employee Services Specialist	9, 10
Consultants	*

* Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The General Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on February 19, 2014.

By:____

President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

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

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

AGENDA DATE: February 19, 2014 ITEM NO. **7b**

SUBJECT: Authorization to Execute PWRPA Agreements for Astoria II and Future Agreements to Receive PWRPA Power

SUMMARY:

- Zone 7 will be able to buy some of its power through Power and Water Resources Pooling Authority (PWRPA) this year and save money on energy.
- As a member of PWRPA, Zone 7 has the option of entering into Rate Agreements through which it can participate in specific energy projects.
- Astoria II is a proposed solar project, a part of which has been offered to PWRPA members to procure renewable power for 20 years starting in 2016.
- The cost for Astoria II power will remain fixed for 20 years at $64/MWH and although this is more expensive than purchasing conventional power from PWRPA, it is still lower than power purchased from PG&E and it is expected to become less expensive in about 10 years.
- PWRPA is required to obtain at least 33% of its energy from renewable sources by 2020 to meet its Renewable Portfolio Standard (RPS) obligation.
- Zone 7 participation in Astoria II will help fulfill Zone 7's RPS obligation for its power purchases through PWRPA.
- Zone 7 anticipates receiving approximately 1% of the 10 MW PWRPA generation share of Astoria. The approximate amount of annual energy is 1,300 MWH or 20% of Zone 7's PWRPA demand.
- There is no capital cost to participate but Zone 7 will pay its share of this energy via PWRPA electric rates

FUNDING:
Energy purchases are funded from Fund 100 –Water Enterprise.

RECOMMENDED ACTION:
Adopt the attached resolution authorizing the General Manager to negotiate and execute the Rate Agreement for Astoria II Solar Project and future agreements to continue receiving PWRPA power.

ATTACHMENTS:
1. Interoffice Memo
2. Zone 7 Board Resolution
3. Draft Rate Agreement – Astoria II Solar Project

Interoffice Memo

Date: February 19, 2014
To: Jill Duerig, General Manager
From: Sal Segura, Associate Civil Engineer
Subject: Authorization to Execute PWRPA Agreements for Astoria II and Future Agreements to Receive PWRPA Power

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

BACKGROUND:

In November 2011, the Zone 7 Board authorized the GM to enter into an agreement with the Power and Water Resources Pooling Authority (PWRPA) to buy power from PWRPA (Resolution 11-4141) at a savings compared with current PG&E power rates. In 2014, Zone 7 is expecting to start buying power via PWRPA at Patterson Pass WTP and possibly at the Mocho 3 and Mocho 4 well facilities and the Mocho Groundwater Demineralization Plant. Zone 7 will become an Interim Electric Service customer until 2015 when it receives a share of Base Resource power from Western Area Power Authority (WAPA). At that time, Zone 7 will become a full participating PWRPA member with voting rights.

PWRPA has recently approached its member agencies with a proposal to procure additional renewable energy in future years. Astoria II is a proposed 75MW solar project in the Mojave Desert to make clean energy available to CA utilities including Southern CA Public Power Authority. This energy will be used to fulfill PWRPA's obligation to obtain at least 33% of its energy from renewable sources by 2020 per Executive Order S-14-08. This requirement is commonly known as the Renewable Portfolio Standard (RPS) and utilities can either purchase renewable power or Renewable Energy Credits (REC's) to comply. Each PWRPA member agency will be responsible for a proportional share of the cost to meet its RPS obligation. By participating in a share of the proposed Astoria II project, PWRPA members can:

- Pro-actively meet their share of RPS
- Increase their clean energy portfolio
- Fix part of their future cost of renewable energy for 20 years

DISCUSSION:

PWRPA is asking interested members to sign a Rate Agreement which would officially subscribe them to a percentage share of the energy produced by the Astoria II project. Although Zone 7 is not yet a voting member of PWRPA, it has the option of entering into an agreement anticipating that Astoria II will start producing energy in 2016. PWRPA normally pays $40-$50/MWH which is equivalent to $0.04-$0.05/KWH for brown (non-renewable) power generation. By comparison, Astoria II will have a fixed cost of $64/MWH ($0.064/KWH) for 20 years. Zone 7 staff have reviewed the economics of participating in this project and determined that even with the slight increase in cost for Astoria II, the overall PWRPA cost would still be less than with PG&E (average rate $0.12/kWH in 2012). Furthermore, it is expected that the cost increases of brown power will outpace this fixed cost in 8 to 10 years simply due to inflation.

With the four facilities Zone 7 is planning to switch over to PWRPA, an annual amount of energy demand is estimated at 6,000,000 kWH. Zone 7 would receive anywhere from 20 to 40% of this amount from Astoria II depending on availability. As clean-energy regulations continue to unfold, PWRPA may entertain other prospects to remain compliant. Zone 7 will need to periodically participate in these types of agreements as necessary. There is also a possibility that Zone 7 can use its renewable energy credits from the Del Valle Solar Project to meet some of its RPS obligation. PWRPA has provided a draft Rate Agreement for the Astoria II project that is attached.

RECOMMENDATION:

Staff has reviewed PWRPA's request and recommends authorizing the General Manager to negotiate and execute the Astoria II Solar Project Rate Agreement as well as future agreements necessary to receive PWRPA power or remain in compliance with energy regulations.

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

INTRODUCED BY
SECONDED BY

Authorization to Execute PWRPA Agreements

WHEREAS, the Power & Water Resources Pooling Authority (PWRPA) is prepared to provide electricity to Zone 7 as soon as intervening facilities are installed at approved facilities; and

WHEREAS, Zone 7 is interested in buying power from PWRPA while remaining in compliance with future energy regulations; and

WHEREAS, PWRPA has resolved to pro-actively procure energy from the Astoria II Solar Project to comply with its future Renewable Portfolio Standard regulations; and

WHEREAS, Zone 7 desires to obtain energy at a reduced cost and remain in compliance with energy regulations.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute a Rate Agreement for the Astoria II Solar Project; and

BE IT FURTHER RESOLVED that the Zone 7 Board hereby authorizes the General Manager to negotiate and execute future agreements necessary to receive PWRPA power or remain in compliance with energy regulations.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on February 19, 2014.

By: ________________________________
President, Board of Directors

Draft RATE AGREEMENT
– ASTORIA II SOLAR PROJECT –

This **Rate Agreement - Astoria II Solar Project** ("Astoria II Rate Agreement"), effective as of date described in Section 2.1, is made and entered into by and among the **Power and Water Resources Pooling Authority** ("PWRPA") and those Project Participants that have executed this Astoria II Rate Agreement ("Participating Customers") and thereby have affirmatively elected to pay rates reflecting costs and energy associated with PWRPA's generation entitlement share in the Astoria II Solar Project. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Aggregation Services Agreement by and among PWRPA and the Project Participants ("ASA").

RECITALS

1. PWRPA operates as a publicly owned electric utility and provides retail electric service to the Participating Customers pursuant to the ASA and rates, terms and conditions adopted by PWRPA's Board of Directors, which administers the ASA and serves as the local regulatory authority for PWRPA.

2. As generally described in Section 4.6 and Article 7 of the PWRPA Joint Powers Agreement ("JPA"), and Section 4.6 of the ASA, Project Participants may elect to pay rates reflecting energy and costs associated with specific electric resource projects developed by PWRPA.

3. PWRPA is participating in the development of the 75 Mw Astoria II Solar Project ("Astoria II"), which is the second phase of a photovoltaic solar generating facility rated at a nominal generating capacity of 175 MW that is being developed by Recurrent Energy ("Seller"). The Astoria II will be owned and operated by the Seller. The Southern California Public Power Authority ("SCPPA") and those participating in the development of the Astoria II, such as PWRPA, will execute a power purchase agreement ("Astoria PPPA") with Seller relating to the sale and purchase of electrical output from the Astoria II.

4. Pursuant to Resolution 13-11-14 and related resolution Resolution 13-11-13, all Project Participants are currently contributing to PWRPA's share of Astoria II development costs in proportion to the Project Participants' respective voting share percentage, as described in Section 3.8 of the JPA and reflected in Exhibit C of the JPA, effective March 1, 2013.

5. Under the Astoria II PPPA, PWRPA, will, among other things, receive an Astoria II generation entitlement share, which shall be expressed as a percentage and shall reflect PWRPA's right to a corresponding percentage of the electrical output of the Astoria II ("PWRPA's Generation Entitlement Share").

6. Appendix 1 to Exhibit E of the ASA ("PWRPA Allocation Policy") describes, among other things, how costs and energy from specific resources will be allocated among those Project Participants that have elected to pay rates reflecting such costs and energy.

7. PWRPA and the Participating Customers desire to enter into this Astoria II Rate Agreement in order (i) to specify which Project Participants have elected to become

Participating Customers and pay rates reflecting energy and costs associated with PWRPA's Generation Entitlement Share, (ii) to specify each Participating Customer's share of costs and energy and environmental attributes associated with PWRPA's Generation Entitlement Share, and (iii) to specify the rates, terms and conditions for costs and energy associated with PWRPA's Generation Entitlement Share.

8. Pursuant to SCPPA actions in concert with PWRPA, the parties approved the form of the Astoria II PPPA on January x, 2014, subject to non-substantial changes as approved by respective general counsel. The Parties intend to execute the Astoria II PPPA following the Seller's approval and execution of the Astoria II PPPA.

AGREEMENT

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

ARTICLE 1
CONTRACT DOCUMENTS

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

1.2 **ASA Incorporated**: This Astoria II Rate Agreement consists of this document, as it may be amended from time to time pursuant to Section 1.4, and the ASA, as it may be amended from time to time pursuant to Section 2.5 of the ASA, which is hereby incorporated into and made a part of this Astoria II Rate Agreement.

1.3 **Astoria PPA**: As described further in Section 3.3, the Astoria II PPA shall not be incorporated into and made a part of this Astoria II Rate Agreement. However, in light of the importance of the Astoria II PPA in regard to the administration of this Astoria II Rate Agreement, the Astoria II PPA is attached hereto as Attachment 1 for reference purposes. PWRPA has provided the Participating Customers a copy of the Draft Astoria II PPA and PWRPA agrees to timely provide the Participating Customers a copy of the final, effective Astoria II PPA and any amendments or modifications to the Astoria II PPA.

1.4 **Amendments**: This Astoria II Rate Agreement may be amended only by written instrument executed by PWRPA and all Participating Customers. PWRPA shall provide notice to the Participating Customers of the amendment of this Astoria II Rate Agreement.

1.5 **Conflicting Provisions**: As described further in Section 3.1, this Astoria II Rate Agreement is intended to implement various provisions in the ASA, including specifically Section 4.5 of the ASA and the PWRPA Allocation Policy, relating to so-called "Specific Projects." As such, notwithstanding Section 2.4 of the ASA, in the event of any conflict between this document and the ASA, this document shall control.

ARTICLE 2
EFFECTIVENESS

2.1 **Effective Date**: This Astoria II Rate Agreement shall be effective on the first day when all of the following shall have occurred: (a) this Astoria II Rate Agreement shall have been executed and delivered by Participating Customers agreeing to Astoria II Rate Percentages (as defined in Section 2.2) equaling, in the aggregate, 100 percent, (b) PWRPA shall have executed the Astoria II PPA and delivered the Astoria II PPA to SCPPA and Seller, and (c) Seller and SCPPA shall have executed the Astoria II PPA and provided notice to PWRPA of the establishment of the effective date under the Astoria II PPA ("Effective Date"). PWRPA shall provide written notice to the Participating Customers of the establishment of the Effective Date; provided, however, the failure to provide such notice shall not affect the establishment of the Effective Date.

2.2 **Astoria Rate Percentages**:

2.2.1 **General:** The Participating Customers' respective allocation of energy environmental attributes and costs under this Astoria II Rate Agreement shall be determined with reference to two percentages: the Astoria II Rate Percentages (as defined and further described in Section 2.2.2) and PWRPA's Generation Entitlement Share (as further described in Section 2.2.3). PWRPA's Generation Entitlement Share is a percentage that represents PWRPA's share of the Astoria II relative to other Astoria II project participants. The Astoria II Rate Percentage is a percentage (or set of Monthly percentages) that represents each Participating Customer's allocation of energy and costs from PWRPA's Generation Entitlement Share.

2.2.2 **Specified Astoria II Rate Percentages**: In accordance with the procedure adopted by PWRPA's Board in Resolution 14-01-01, each Participating Customer has expressed its intent to participate in this Astoria II Rate Agreement and specified its participation level (expressed as a percentage(s), "Astoria Rate Percentages"). Set forth in Exhibit A hereto are the Astoria II Rate Percentages for the Participating Customers.

2.2.3 **PWRPA's Generation Entitlement Share**: Under its development agreements with SCPPA, PWRPA's current Generation Entitlement Share is 13.333 percent, or approximately 10 MW megawatts ("MW"). However, PWRPA has subsequently requested, and received from SCPPA, indications that PWRPA's Generation Entitlement Share under the Astoria II PPA may be increased by as much as 5 MW at PWRPA's option if such shares are available (20 percent, or up to approximately 15 MW.)

2.2.4 **Notification and Applicability**: PWRPA's Generation Entitlement Share shall be specified in the final, effective Astoria II PPA (as described in recital paragraph 8, above). The final Astoria II Rate Percentages are set forth in Exhibit A.

2.3 **Notice of Astoria II Status and Major Activity**: PWRPA shall provide notice of the occurrence of major activity relating to permitting, financing, construction and operation of the Astoria II, including notification of PWRPA's Generation Entitlement Share under the final, effective Astoria II PPA.

ARTICLE 3
SCOPE AND RELATIONSHIP

3.1 **General**: PWRPA operates as a publicly owned electric utility and provides full requirements retail electric service to the Project Participants. The ASA and the various rates, policies and programs adopted by the Board define the process by which PWRPA obtains power resources and allocates costs through rates to the Project Participants. Under the JPA and ASA, PWRPA has the authority to offer and implement a flexible power procurement program in which, among other things, PWRPA acquires or generates energy from specific power resources upon confirmation from specified Project Participants of their agreement to pay electric rates based, in part, on the costs associated with such resources. This Astoria II Rate Agreement is intended to implement provisions in the ASA relating to PWRPA's flexible power procurement program, including specifically Section 4.5 of the ASA and the PWRPA Allocation Policy, relating to the costs and benefits of so-called "Specific Projects."

3.2 **Local Regulatory Authority**: As described in Section 5.1 of the ASA, the Board is the local regulatory authority for PWRPA and, among other things, establishes rates and adopts policies for retail electric service provided by PWRPA to the Project Participants consistent with the ASA and subject to the following:

3.2.1 **Rates**: The Board shall establish rates to ensure recovery of the Astoria II Costs (as defined below) from the Participating Customers pursuant to or not otherwise in conflict with the terms of this Astoria II Rate Agreement.

3.2.2 **Policy Changes**: The Board may adopt policies relating to or affecting PWRPA's generation entitlement share of the Astoria II as may be reasonably necessary in the exercise of the Board's role as local regulatory authority for PWRPA; provided, however, such policies shall not conflict with the terms of this Astoria II Rate Agreement unless all Participating Customers consent to such change in writing.

3.3 **Astoria Agreements**: Consistent with its administration of other power resources, only PWRPA, and not the Participating Customers, shall have privity of contract with respect to the Astoria II PPA and other agreements relating to PWRPA's Generation Entitlement Share.

3.4 **Reimbursement of Development Costs:** PWRPA does not anticipate that any development costs consisting mostly of Attorney costs to review and implement the Astoria II PPA will be reimbursed to PWRPA.

ARTICLE 4
RATE PROVISIONS

4.1 Participating Customer Liability for Astoria II Costs: By executing this Astoria II Rate Agreement, the Participating Customers agree to pay rates established by the Board that reflect, among other things, all costs reasonably associated with PWRPA's Generation Entitlement Share, as further described below.

4.1.1 General: Each Participating Customer shall pay through rates its share (as determined by its respective Astoria II Rate Percentage) of PWRPA's costs associated with PWRPA's Generation Entitlement Share, which shall include (a) all costs paid by PWRPA under the Astoria II PPA and (b) such other costs determined by the Board from time to time to be reasonably related to PWRPA's administration and operation of the Astoria II PPA and this Astoria II Rate Agreement ("Astoria Costs").

4.1.2 Take-or-Pay Obligation for the Term of the Astoria II PPA: The Participating Customers acknowledge and agree as follows:

(a.) the term of the Astoria II PPA is expected to continue for the duration of the PPA, which is 20 years;

(b.) under the Astoria II PPA, PWRPA's Generation Entitlement Share of the Astoria II may not be increased without the written consent of PWRPA;

(c.) charges applicable to PWRPA under the Astoria II PPA are fixed;

(d.) PWRPA is not obligated under the Astoria II PPA to provide ongoing contribution to various Astoria II costs, those costs are the sole responsibility of the Seller;

(e.) the Astoria II PPA requires PWRPA to pay for all energy generated by the project up to and including the PWRPA Generation Entitlement share;

(f.) the Participating Customers' respective payment obligation under this Astoria II Rate Agreement shall not be affected by the temporary or extended failure of the Astoria II to generate and/or deliver energy; and

(g.) subject to the implementation of the PWRPA Allocation Policy (as described in Section 4.2), the Participating Customers' respective rate obligation under this Astoria II Rate Agreement shall not be affected by the fact that during certain conditions and seasons a Participating Customer may not have any load to be served by the Participating Customer's respective allocation of PWRPA's Generation Entitlement Share; and

(h.) the Participating Customers' respective rate obligation under this Astoria II Rate Agreement shall continue for the term of the Astoria II

PPA and such additional time, if any, as determined by the Board to be necessary for the recovery of all Astoria II Costs.

4.1.3 Cost Allocation: Section VI. of Exhibit E to the ASA describes various formulas used to implement cost allocation principles in the ASA. The Astoria II Costs shall be allocated among Participating Customers in direct proportion to their respective Astoria II Rate Percentages, subject to adjustments under the PWRPA Allocation Policy described in Section 4.2.

4.1.4 Necessary Rate Adjustments to Affect All Project Participants: Under Section 8.3 of the ASA and Section IV.B. of Exhibit E to the ASA, the Board may adjust rates for all Project Participants as may be reasonably required to address shortfalls to PWRPA's reserve fund that may occur due to, among other things, an event of default relating to a Project Participant's failure to make any payment required under the ASA. In consideration for certain Astoria II-related benefits that accrue to all Project Participants, PWRPA and the Participating Customers agree that, in instances involving a payment default by a Participating Customer under this Astoria II Rate Agreement, the Board may temporarily adjust rates for all Project Participants (including Project Participants that do not elect to become Participating Customers under this Astoria II Rate Agreement) until the shortfall is addressed; provided, however, (a) the foregoing shall not be construed as a preference to temporarily adjust rates for all Project Participants and (b) PWRPA shall, in such instances, give due consideration to limiting the applicability of any necessary temporary rate adjustment to only Participating Customers.

4.1.5 Recovery of All Fees and Costs: Without limiting the generality of the various cost recovery provisions in the ASA and under California law, and notwithstanding Section 11.1 of the ASA (as implemented pursuant to Section 8.1 of the Joint Powers Agreement), PWRPA shall be entitled to recover from a defaulting Participating Customer, in addition to the cost responsibility charge described in Section 4.3, attorneys' fees, expenses and costs reasonably necessary to obtain such determination and to recover amounts due as a result of the Participating Customer's default.

4.2 Implementation of the PWRPA Allocation Policy: The PWRPA Allocation Policy shall be implemented with respect to this Astoria II Rate Agreement as follows:

(a) PWRPA's Generation Entitlement Share shall be a defined as a "Specific Project – Renewable."

(b) The allocation percentage defined as "project %" in Table 1 of the PWRPA Allocation Policy shall correspond to the Astoria II Rate Percentage, as shown in Exhibit A.

(c) The access rule and transfer price formula for PWRPA's Generation Entitlement Share shall be as follows. Each Participating Customer's allocation of energy costs from PWRPA's Generation Entitlement Share shall, after allocation of the Participating Customer's BRC Allocation of costs and any other power cost allocation specified in the PWRPA Allocation Policy as preceding the allocation of Supplemental Power costs, be used to hedge the

Participating Customer's residual load. Notwithstanding other provisions in the PWRPA Allocation Policy, if excess energy from PWRPA's Generation Entitlement Share is available after this initial cost allocation, the excess energy costs shall, at the discretion of PWRPA, either (i) be used within the PWRPA Allocation Policy to hedge the aggregated residual load of other Project Participants or (ii) the energy be sold in the market; provided, however, in all instances the Participating Customer contributing excess energy costs shall be credited the hourly market price against the excess energy costs it provided plus any renewable premium so secured in the market or imposed by PWRPA Policy.

(d) For purposes of determining each Participating Customer's "supplemental power allocation percentage" under the PWRPA Allocation Policy, the net short average load shall, among other things, be exclusive of the Participating Customer's expected allocation of energy from PWRPA's Generation Entitlement Share.

4.3 Withdrawal or Termination; Astoria II Cost Responsibility Charge: As generally described in Sections 10.2 and 10.3 of the ASA, a Project Participant that withdraws from the ASA or has its participation under the ASA terminated shall, among other things, continue to be responsible for its relative share of the net unavoidable costs of PWRPA's generation. In addition to other terms and conditions in the ASA, the Participating Customers agree that a Participating Customer that withdraws from the ASA or has its participation under the ASA terminated ("Departing Astoria II Participant") (i) shall no longer have a right to the allocation of energy from PWRPA's Generation Entitlement Share and (ii) shall, notwithstanding its loss of rights to the energy from PWRPA's Generation Entitlement Share, continue to be responsible for its relative share of the net unavoidable costs associated with its allocation of costs from PWRPA's Generation Entitlement Share ("Astoria Cost Responsibility Charge"). The Board, in its role as local regulatory authority, shall determine the amount of the Astoria II Cost Responsibility Charge, it being understood as follows:

(a) The Departing Astoria II Customer's allocation of energy from PWRPA's Generation Entitlement Share shall be valued, for purposes of the Astoria II Cost Responsibility Charge, at a reasonable approximation of the prevailing market price (as described in Section 4.3(d)).

(b) The Astoria II Cost Responsibility Charge is intended to reflect a reasonable approximation of the difference between (i) the Departing Astoria II Customer's allocation of costs from PWRPA's Generation Entitlement Share and (ii) the market valuation of the Departing Astoria II Customer's allocation of energy from PWRPA's Generation Entitlement Share (as described in Section 4.3(a)), over the expected remaining term of this Astoria II Rate Agreement.

(c) The Astoria II Cost Responsibility Charge shall normally be a one-time, lump sum payment that reflects an acceleration of all the Departing Astoria II Customer's future payment obligations under this Astoria II Rate Agreement; provided, however, at the Board's discretion, and for the benefit of PWRPA in order to mitigate market price uncertainty, the Board may determine the Astoria II Cost Responsibility Charge on an annual basis for up to ten years, the last year of which shall reflect a final lump sum payment that reflects an acceleration of all remaining future payment obligations under this Astoria II Rate Agreement.

(d) In determining the above-market cost, the Board shall establish a market price proxy (or proxies) for the purpose of reasonably reflecting the expected price at which PWRPA is reasonably likely to resell or reallocate the Departing Astoria II Customer's allocation of energy and costs from PWRPA's Generation Entitlement Share.

(e) If the determination of the above-market cost, described in Section 4.3(d), reveals that there is no above-market cost over the applicable period (*i.e.,* the net cost associated with the Departing Astoria II Customer's allocation of energy from PWRPA's Generation Entitlement Share is expected to be equal to or less than the market price proxy or proxies over the applicable period(s) ("Astoria Below-Market Credit"), no payment shall be made by PWRPA to the Departing Astoria II Customer for the Astoria II Below-Market Credit, however, if the Departing Astoria II Customer otherwise owes PWRPA for costs incurred under the ASA, PWRPA shall offset such cost obligations by an amount up to the Astoria II Below-Market Credit.

ARTICLE 5
TERM, TERMINATION AND ASSIGNMENT

5.1 Term: The term of this Astoria II Rate Agreement shall begin on the Effective Date and, unless earlier terminated, shall continue concurrent with the term of the Astoria II PPA as it relates to PWRPA, and such additional time as determined by the Board to be necessary for the recovery of all Astoria II Costs.

5.2 Termination:

5.2.1 Board Action and Consent by the Participating Customers: This Astoria II Rate Agreement may be terminated by PWRPA at any time upon reasonable advance notice to the Participating Customers upon adoption of a resolution by the Board directing PWRPA to terminate this Astoria II Rate Agreement; provided, however, (a) such resolution shall not be effective unless all Participating Customers consent to the termination in writing and (b) prior to such termination, and if requested by the Participating Customers, PWRPA shall cooperate with the Participating Customers as may be reasonably necessary to modify or assign the Astoria II PPA or otherwise provide a means by which the Participating Customers may receive economic benefits from the operation of the Astoria II comparable to the economic benefits the Participating Customers receive under this Astoria II Rate Agreement.

5.2.2 Default: In addition to all other remedies provided in this Astoria II Rate Agreement and under law, PWRPA may terminate this Astoria II Rate Agreement for any Participating Customer that is in material default of this

Astoria II Rate Agreement and fails to timely cure such material default following notice and reasonable opportunity to cure.

5.2.3 **Withdrawal and Payment of Astoria II Cost Responsibility Charge**: This Astoria II Rate Agreement shall be terminated with respect to any Participating Customer that has withdrawn from the ASA and fully paid the Astoria II Cost Responsibility Charge.

5.3 Project Participant Assignment: A Participating Customer may assign its rights under this Astoria II Rate Agreement to another Project Participant with the written consent of PWRPA, which consent shall not be unreasonably withheld or conditioned.

ARTICLE 6
MISCELLANEOUS

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

6.2 Further Assurances: The Participating Customers agree to execute and deliver all further instruments and documents and take all further actions that may be reasonably necessary to effectuate the purposes and intent of this Astoria II Rate Agreement.

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

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ARTICLE 7
SIGNATURE

IN WITNESS WHEREOF, PWRPA and the Participating Customers have executed this Astoria II Rate Agreement as of date written below.

POWER AND WATER RESOURCES POOLING AUTHORITY

By: ___________________________________

Title: __________________________________

Date: _____________________

PARTICIPATING CUSTOMER

By: ___________________________________

Name: _________________________________

Title: __________________________________

Customer: ________________________________

Date: ____________________

Exhibit A
To the
Rate and Specific Project Agreement
Astoria II Solar Project

- Final Astoria II Rate Percentages -

Attachment 1
To the
Rate and Specific Project Agreement
Astoria II Solar Project

- Copy of the Astoria II Power Sale Agreement -
(For Reference Purposes)

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT PERSON: TOM PICO

AGENDA DATE: February 19, 2014 ITEM NO: **7c**

SUBJECT: Personnel Action: Junior/Assistant Engineer/Geologist Position

SUMMARY:

- Zone 7 continues to assess the staffing needs of the Agency as we work towards a leaner, more cost-effective organizational model aligned with our goals.
- Recent retirement of an Associate Engineer/Geologist in our Facilities Planning Section leaves a vacancy.
- The agency would benefit by adding one Junior/Assistant Engineer/Geologist position to existing staff.
- This position will allow the General Manager flexibility in cross-training, optimizing efficiency and succession planning within the Engineering series.
- There is no change to the existing salary schedule.
- Funding is not required as money could be transferred from a vacant position.

FUNDING:

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

RECOMMENDED ACTION:

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

ATTACHMENT:

Zone 7 Board Resolution

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 the Alameda County Flood Control and Water Conservation District does hereby approve the following personnel action:

Approve one unfunded position of Junior/Assistant Engineer/Geologist, Zone 7

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

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

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on February 19, 2014.

By___________________________________
President, Board of Directors

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: February 19, 2014 ITEM NO: **8a**

SUBJECT: New Employee Introductions

SUMMARY:

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

Eugenio "Gene" Briones, Water Resources Technician I

Gene Briones joined the Zone 7 team on February 3, 2014, as a Water Resources Technician I for the Facilities Engineering Section, reporting to Rhett Alzona, Senior Engineer. Gene comes to Zone 7 with over six years of experience at the City of San Jose Regional Wastewater Facility where he worked as a Senior Engineering Technician. He also has over 16 years of technician and drafting experience at agencies including Union Sanitary District in Union City and Creegan & D'Angelo in Pleasanton. He holds a Bachelor's degree in Civil Engineering from Mapua Institute of Technology in Manila, Philippines.

Hewlet "Jerry" Harris, Water Resources Technician I

Jerry Harris also started with Zone 7 on February 3, 2014, as a Water Resources Technician I for the Maintenance Section, reporting to Gerald DeWitt, Maintenance Manager. Jerry comes to Zone 7 from RMC Water and Environment in Walnut Creek where he worked as a CAD Designer. Prior to this, he worked for Psomas/Dodson Engineering for over 13 years as a CAD Designer. Jerry received his Associate of Science degree in Drafting Technology from Lamar University in Beaumont, Texas.

Please join me in welcoming both Gene and Jerry to the Zone 7 team!

RECOMMENDED ACTION:

Information only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: February 19, 2014 ITEM NO: **8b**

SUBJECT: December Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in January and selected the Employee of the Month for December 2013 according to the established Program Guidelines. The individual chosen out of the submitted nominations is then recommended to Management for approval and there is a subsequent announcement of the selection to all Agency employees.

JaVia Green, Staff Analyst, has been chosen from among those nominated as the December 2013 Employee of the Month. JaVia works in the Financial & Systems Services section at the North Canyons office.

JaVia was nominated for being such a valuable resource in helping Agency employees, especially engineers, navigate and track financial budgets for their projects. JaVia serves as a key budget resource for the Agency and helped design the structure and acclimate employees to the new financial system.

As noted in her recommendation, she was a key participant in developing the new budget system in the New World Financial software system, providing well-prepared and beneficial training sessions. She continues to provide ongoing budget tracking advice to engineers and others. JaVia is valued for her organization and thoroughness in guiding managers through the CIP budget process that is undertaken every two years.

The committee seconded the recommendation and recognized JaVia Green as a valuable employee and asset to Zone 7, with management approving the selection.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate JaVia Green as December 2013 Employee of the Month.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT PERSON: TOM PICO

AGENDA DATE: February 19, 2014 ITEM NO. **8c**

SUBJECT: Staffing Update: Congratulations to Retiree

SUMMARY:

Continuing our practice of recommending the Board of Directors recognize staffing changes, we are reporting one employee who has retired from Agency service.

Retirement of Jack Fong, Associate Civil Engineer

We would like to recognize Jack Fong, Associate Civil Engineer who retired from the Agency on February 1, 2014 after 30 years of service. Jack joined Zone 7 in January 1984 as a Water Resource Engineer II after working several years with Black & Veatch. In September 1990, he was promoted to Water Resources Engineer III (later retitled to Associate Civil Engineer.) Jack has been a registered Civil Engineer since August 1979 and has worked in many Zone 7 sections, including Flood Control, Water Quality, and Water Supply Engineering. The attached resolution highlights some of his many important accomplishments during his Zone 7 tenure.

We hope you will join us in wishing the best to Jack in his retirement.

RECOMMENDED ACTION:

Adopt the attached resolutions acknowledging service to the Agency of Jack Fong.

WHEREAS, Jack Lowe Fong has served the citizens of the Livermore-Amador Valley since his employment with the Zone 7 Water Agency began in January 1984; and

WHEREAS, Mr. Fong has had many important accomplishments while employed with Zone 7, including:

- Del Valle Water Treatment Plant (DVWTP) Expansion (Construction Inspection role)
- Patterson Pass Water Treatment Plant (PPWTP) Washwater Recovery Pond Improvements
- PPWTP Engine Generator Building
- DVWTP 4.5 MGD Clearwell Exterior Coating Project
- DVWTP Caustic Soda Storage Tank and Feed System Upgrades
- DVWTP Filter Gallery Seismic Improvements Projects
- Water Treatment Plant Filter Media Replacement Project
- Water Treatment Plant Ozone and Peroxone Evaluation for Taste and Odor Control
- Parkside and Hopyard Well 6 Roof System Rehabilitation
- Environmental Impact Report Process for New Treatment Plant
- Flood Control Development Reviews
- Various small projects as DVWTP Facility Engineer; and

WHEREAS, Mr. Fong retired from Zone 7 service effective February 1, 2014;

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby acknowledge, commend, and thank Mr. Fong for his fine public service to Zone 7 of the Alameda County Flood Control & Water Conservation District 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 the Alameda County Flood Control and Water Conservation District on February 19, 2014.

By___________________________________
President, Board of Directors

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

ORIGINATING SECTION: Engineering/Integrated Planning
CONTACT: Kurt Arends/Carol Mahoney

AGENDA DATE: February 19, 2014 ITEM NO. **9**

SUBJECT: Chain of Lakes Well No. 5 – Hearing on the Resolution of Necessity Declaring the Public Necessity for Acquisition of Property Interests from Alameda County APNs 904-1-2-5 and 904-1-7-18 and Directing the Filing of Eminent Domain Proceedings

SUMMARY:

- On January 31, 2014, the California Department of Water Resources reduced Zone 7's State Water Project ("SWP") water supply allocation to zero, which could limit conveyance of any other Zone 7 water supplies stored outside the Valley through the SWP system.
- In response to the reductions in SWP supplies, Zone 7's Drought Emergency Response Plan includes implementing certain emergency projects to help meet water demands.
- Staff believes that constructing Chain of Lakes Well No. 5 immediately will help reduce potential water shortages. The well was scheduled for completion in year 2018 in the CIP adopted in 2011.
- Chain of Lakes Well No. 5 is projected to produce about 1 to 2 million gallons per day and proposed to be located on vacant land north of Lake H and near Zone 7's existing Chain of Lakes Well Nos. 1 & 2. Well No. 1 already has the chemicals on-site for feeding necessary chemicals to flow from Well No. 5, and the pipeline between the existing Chain of Lakes Well No. 1 treatment facility and the proposed Well No. 5 is already in place.
- CEQA for the project was included in the Well Master Plan EIR.
- Staff has been unable to reach an agreement to purchase the property it needs for construction of Well No. 5. Accordingly, in order to timely complete construction of Well No. 5 as called for in the Drought Emergency Response Plan, Zone 7 must acquire the property on which the well will be located through the eminent domain process.

FUNDING:
Funding for the property acquisition is available in Fund 120 – Renewal Replacement/System-wide Improvements ($17,000) and Fund 130 – Expansion ($17,000).

RECOMMENDED ACTION:
Adopt the attached proposed Resolution of Necessity for the acquisition of certain property interests in the properties bearing Alameda County Assessor's Parcel Numbers 904-1-2-5 and 904-1-7-18 for the construction of the Chain of Lakes Well No. 5 and associated facilities.

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

Interoffice Memo

Date: February 19, 2014
To: Jill Duerig, General Manager
From: Carol Mahoney, Integrated Planning Manager
Kurt Arends, Assistant General Manager - Engineering
David Aladjem and Scott McElhern, Agency General Counsel
Subject: Consider Adopting Resolution of Necessity for Acquisition of Property Interests from Alameda County APNs 904-1-2-5 and 904-1-7-18

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

BACKGROUND:

Calendar Year 2013 was the driest year in recorded state history. 2013 also set a new record as the driest year measured in the Livermore-Amador Valley, with total precipitation of only 4.5 inches out of the average yearly rainfall of 14.47-inches (only 31% of average at Livermore Station 15e). At the beginning of 2014, the snowpack's statewide water content was estimated at about 20% of average for the time of year and January experienced record high temperatures in the Bay Area. While February 2014 has brought some much needed rainfall, it has not been nearly enough to end the extreme drought conditions.

On January 17, 2014, Governor Jerry Brown declared a State of Emergency in California due to the current drought conditions and asked all citizens to cut back water use by 20%. In addition, the California Department of Water Resources ("DWR") informed Zone 7 that as these dry conditions are of unprecedented severity, it is very difficult to predict this year's water supplies or to set supply allocation amounts. DWR has since reduced allocations from current five percent to zero percent, which could also prevent water from being moved through the Delta and pumped into the South Bay Aqueduct system managed and operated by DWR.

On January 29, 2014, the Zone 7 Board adopted a Resolution declaring a state of drought emergency within Zone 7's service area. In the Resolution, the Board also accepted and approved a Drought Emergency Response Plan ("Plan"), and authorized the Zone 7 General Manager to identify and pursue emergency projects that will minimize impacts on water deliveries in the Livermore-Amador Valley.

The Plan adopted by the Board on January 29, 2014, identifies and calls for implementing certain emergency projects that will provide a direct benefit in mitigating the potential impacts of the drought. The first emergency project identified is construction of Chain of Lakes ("COL") Well No. 5 ("Project"). CEQA for this Project has been completed and reviewed for consistency. Installation of this well will immediately increase Zone 7's groundwater pumping capacity and assist in meeting peak demands.

DISCUSSION:

The property bearing Assessor's Parcel Numbers 904-1-2-5 and 904-1-7-18 is currently owned by the Pleasanton Gravel Company. As described in the exhibits to the attached proposed Resolution of Necessity, the property interest proposed for acquisition from APNS 904-1-2-5 and 904-1-7-18 is 1.26 acres in fee.

Required Findings for Adoption of a Resolution of Necessity

The attached proposed Resolution of Necessity lists the findings required by California Eminent Domain Law. Importantly, the Board is recommended to find:

1. The public interest and necessity require the Project;

2. The proposed Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;

3. The property interests are necessary for the proposed Project; and

4. The Project for which the property is needed is an emergency project, and the Project is necessary either to protect or preserve health, safety, welfare or property.

Support for Findings

Finding 1: The Public Interest And Necessity Require The Project.

As explained in detail at the Board meeting on January 29, 2014, both the State of California and Zone 7's service area are experiencing a drought emergency. Normally, over 80% of Zone 7's annual average water supply is conveyed through the Delta as part of the State Water Project. In preparation for dry years, Zone 7 has multiple options for storing excess water in wet or normal years. However, a large portion of Zone 7's drought emergency water supply is stored outside of the Livermore-Amador Valley groundwater basin and downgradient in the State Water Project system.

To receive those external supplies in dry years, water is "exchanged" such that Zone 7 receives more State Water Project water pumped from the Delta, and the downgradient "banks" use more of their own internal supplies to meet their local demand. If no water is being pumped from the Delta through the State Water Project system (as DWR has indicated may happen), calling back the "banked" supplies that are stored remotely into the Livermore Valley may become impossible. Likewise, without water in the State Water Project system, DWR may not be able to store any additional water in Lake Del Valle. In this worst-case scenario, Zone 7 would have to rely solely on water that has been stored locally in the groundwater basin and the water DWR has previously stored in Lake Del Valle to meet the community's water supply needs.

Zone 7 staff has projected that if the worst case scenario comes to pass and the public reduces demand by 20% as requested by the Governor, Zone 7 would still need to meet 27% of its demands from new sources of water. Accordingly, it is necessary for Zone 7 to immediately begin implementing certain emergency projects identified in its Drought Emergency Response Plan.

To help meet water demands this year, the Drought Emergency Response Plan calls for the Project, COL Well No. 5, to be completed and operational by August 2014. COL Well No. 5 is projected to produce about 1 to 2 million gallons per day (or up to 20% of the total shortfall), and so staff believes that constructing the Well immediately will help reduce potential water shortages. Accordingly, the public interest and necessity require the Project.

Finding 2: The Proposed Project Is Planned Or Located In The Manner That Will Be Most Compatible With The Greatest Public Good And The Least Private Injury.

As noted above, the Project Well is projected to produce about 1 to 2 million gallons per day. The Project is proposed to be located on vacant land north of Lake H and near Zone 7's existing COL Well Nos. 1 & 2. Well No. 1 already has the chemicals on-site for feeding necessary chemicals to flow from Well No. 5, and the pipeline between the existing COL Well No. 1 treatment facility and the proposed Well No. 5 is already in place. These factors make the proposed Project location an ideal location to build the proposed Well No. 5.

Furthermore, because the proposed location of the Project is vacant, no one will be displaced by the Project. Accordingly, the proposed Project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury.

Finding 3: The Property Interests Are Necessary For The Proposed Project.

The property identified by APNs 904-1-2-5 and 904-1-7-18 is located just north of Lake H, and near Zone 7's existing Chain of Lakes Well Nos. 1 & 2. The property is vacant, and currently totals approximately 61.72 acres.

The total proposed acquisition by Zone 7 is 1.26 acres. This acquisition is necessary for the Project in order to provide adequate room for construction, operation and maintenance of the well and associated pumping plant facility.

Finding 4: The Project is an emergency project, and is necessary either to protect or preserve health, safety, welfare or property.

Government Code section 7267.2 generally requires that prior to adopting a resolution of necessity to acquire property by eminent domain, a public entity must obtain an appraisal establishing an amount that it believes to be just compensation for the property, and make an offer to the owner or owners of record to acquire the property for the full amount so established. However, if the project for which the property is needed has been determined by the public entity to be an emergency project, which project is necessary to protect or preserve health, safety, welfare, or property, the requirements of Government Code section 7267.2 need not be a prerequisite to the adoption of a resolution of necessity. In such instances, the public entity must comply with section 7267.2 within 90 days of adopting a resolution of necessity.

On January 29, 2014, the Zone 7 Board declared a state of drought emergency in its service area, and adopted the Drought Emergency Response Plan in order respond to this emergency. The Plan calls for the Project Well to be operational by August 2014 in order to reduce projected water shortages in the Livermore-Amador Valley this year. Thus, the Project is an emergency Project, and is necessary to preserve health, safety, welfare and property in Zone 7's service area.

Staff notes that while there has not been sufficient time to comply with Government Code section 7267.2, staff nevertheless made an effort to acquire the 1.26 acres necessary for the Project amicably, expeditiously, and by negotiation rather than litigation. Specifically, based on a recent judgment of just compensation for the acquisition of 2.5 acres just across Lake H from the property under consideration for the well site, staff estimated the probable amount of compensation that the owners here would be awarded in an eminent domain proceeding, and sent an offer to Doug Jamieson and Pleasanton Gravel Company to purchase the property for more than this estimated amount. In response, Mr. Jamieson made it clear that Pleasanton Gravel Company would not accept a public agency offer. In fact, he sent an email to Zone 7 stating:

> "Zone 7 has a right of Eminent Domain, and we encourage Zone 7 to exercise this right, using the quick take option. Taking this course will allow Zone 7 quick access to the required property, and give the Pleasanton Gravel Company the time it needs to evaluate the financial implications of this take."

Zone 7 staff is in the process of obtaining an appraisal that complies with Government Code section 7267.2, and will comply with the requirements of section 7267.2 within 90 days of the Board adopting the attached proposed resolution.

FUNDING:

Funding for the property acquisition is available in Fund 120 – Renewal Replacement/System-wide Improvements ($17,000) and Fund 130 – Expansion ($17,000).

RECOMMENDED ACTION:

Adopt the attached proposed Resolution of Necessity for the acquisition of certain property interests in the properties bearing Alameda County Assessor's Parcel Numbers 904-1-2-5 and 904-1-7-18 for the construction of the Chain of Lakes Well No. 5 and associated facilities.

DOCUMENTS INCORPORATED INTO THIS REPORT:

Attached – Draft Resolution of Necessity for APNs 904-1-2-5 and 904-1-7-18.

The Record from the Zone 7 Board Meeting on January 29, 2014 and the Resolutions adopted at that meeting are available for review.

The CEQA documentation for the proposed Project is available for review.

Governor's proclamation of emergency is available for review.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

A RESOLUTION OF THE ZONE 7 ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT DECLARING THE PUBLIC NECESSITY FOR THE TAKING OF CERTAIN PROPERTY AND DIRECTING THE FILING OF EMINENT DOMAIN PROCEEDINGS FOR CHAIN OF LAKES WELL NO. 5 (CODE CIV. PROC. § 1245.230)

Property Owner: Pleasanton Gravel Company (APN 904-1-2-5 and 904-1-7-18)

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District ("Zone 7") is responsible for providing a reliable supply of high quality water to the Livermore-Amador Valley; and

WHEREAS, Zone 7 is responsible for managing the local groundwater basin in a sustainable fashion to provide annual and drought year water supplies; and

WHEREAS, California Governor Jerry Brown has officially declared a drought emergency for the State of California; and

WHEREAS, the federal government has declared Alameda County as a federal natural disaster county; and

WHEREAS, on January 31, 2014, the California Department of Water Resources announced a reduction in the State Water Project allocation from 5% to zero, which could also prevent any water from being moved through the South Delta Pumping Plant to contractors South of the Delta, including Zone 7; and

WHEREAS, if no water is conveyed through the Delta, access to Zone 7's remotely-stored water may be minimal; and

WHEREAS, the local groundwater basin is a critically-important water supply during such an emergency; and

WHEREAS, on January 29, 2014, the Board of Directors of Zone 7 declared a state of drought emergency within its service area, and accepted and approved a Drought Emergency Response Plan; and

WHEREAS, Zone 7's Drought Emergency Response Plan includes implementing certain emergency projects to help meet water demands during extreme drought conditions, including installation of Chain of Lakes Well No. 5 which is anticipated to produce about 1 to 2 million gallons per day; and

WHEREAS, Zone 7 has determined that it needs to acquire fee title to approximately 1.26 acres from the parcels currently bearing Assessor's Parcel Nos. 904-1-2-5 and 904-1-7-18 (the "Property") in order to construct, install, operate and maintain Chain of Lakes Well No. 5 (the "Project"); and

WHEREAS, the Property is more specifically depicted in Exhibit "A" attached hereto; and

WHEREAS, Zone 7 has advised the owner of the Property of the need for the Project and offered the owner an opportunity for a hearing before the Zone 7 Board on February 19, 2014, pursuant to Section 1245.235 of the California Code of Civil Procedure; and

WHEREAS, Zone 7 is authorized to acquire property for the Project pursuant to, among other statutes, the California Constitution, Code of Civil Procedure section 1230.010 *et seq.*, and Water Code Appendix section 55-5, subsection 13, as applied to Zone 7 through Water Code Appendix section 55-36 subsections 3 and 4; and

WHEREAS, the Board of Directors of Zone 7 adopts this Resolution in compliance with Section 1245.230 of the Code of Civil Procedure.

NOW, THEREFORE, BE IT RESOLVED THAT:

Based upon the evidence presented, the Board of Directors by vote of two-thirds or more of its members hereby finds and determines each of the following:

1. The public interest and necessity require the Project.

2. The Project proposed is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.

3. The property interests described in this Resolution and depicted in Exhibit "A" attached hereto are necessary for the proposed Project.

4. The Project for which the Property is needed is an emergency project, and the Project is necessary to protect and preserve health, safety, welfare and property in Zone 7's service area.

5. All conditions and statutory requirements necessary to exercise the power of eminent domain to acquire the property interests described in this Resolution and depicted in Exhibit "A" attached hereto have been complied with by Zone 7.

6. Zone 7 possesses the statutory authority to acquire the Property by eminent domain.

The Board of Directors hereby authorizes and empowers legal counsel retained or employed by Zone 7 to take the following actions:

1. To acquire in the name of Zone 7, by condemnation, the property interests described in this Resolution and depicted in Exhibit "A" attached hereto in accordance with the provisions of the Constitution of California and the Eminent Domain Law of California;

2. To prosecute in the name of Zone 7 such proceedings in the proper court as necessary for such acquisition; and

3. To deposit the probable amount of compensation and to apply to the court for an order permitting Zone 7 to take possession of the Property for public uses and purposes.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on February 19, 2014.

By:_______________________________________

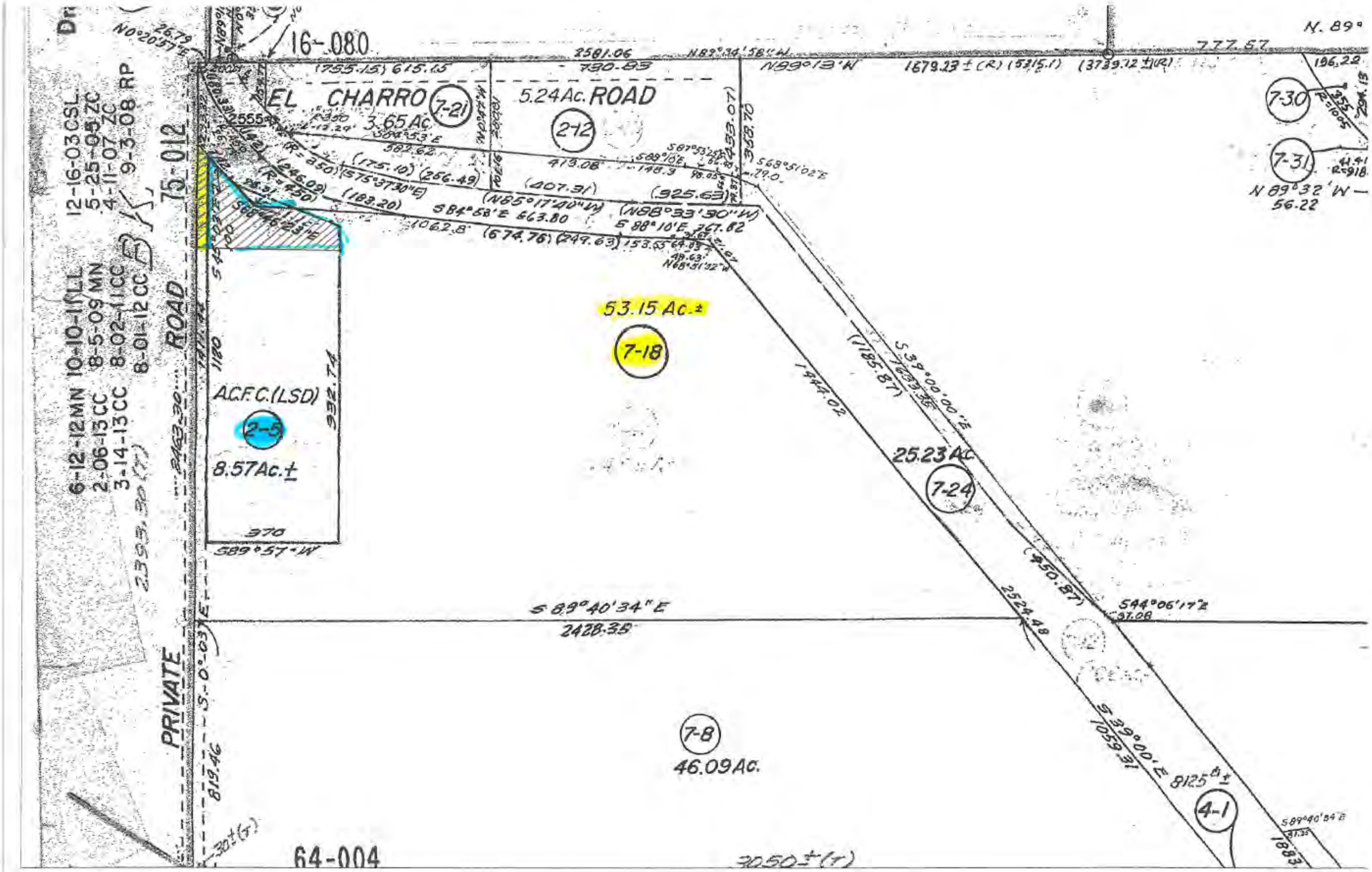
President, Board of Directors

EXHIBIT A

ZONE 7 WATER AGENCY
100 North Canyons Parkway
Livermore, CA

DRAWN: BW	SCALE: AS SHOWN
REVIEWED: AW	DATE: 2/4/2014
FILE: E:\GIS Program/Facilities Map 11x17 2011	

Zone 7 Facilities
Chain of Lakes Wells
Site Map



16-080
EL CHARRO ROAD
75-012
PRIVATE ROAD
64-004
7-21
3.65 Ac.
2-12
5.24 Ac.
7-18
53.15 Ac.±
2-5
A.C.F.C. (LSD)
8.57 Ac.±
7-24
25.23 Ac
7-8
46.09 Ac.
4-1
7-30
7-31
2581.06
780.83
N89°34'58"W
N89°13'W
1679.23±(R) (5315.1)
(3739.12±)(R)
777.57
N. 89°
196.22
N 89°32'W
56.22
(755.15) 615.15
413.08
(407.31)
(925.63)
(N85°17'40"W)
S84°58'E 663.80
(N88°33'30"W)
S 88°10'E 267.82
(674.76) (249.63)
1062.8
(175.10)
(256.49)
(183.20)
S68°51'02"E
353.70
(433.07)
S39°00'00"E
(1185.87)
1444.02
(450.87)
2524.48
S44°06'17"E
S 89°40'34"E
2428.35
S 39°00'E 8125±
1059.31
1883
S89°40'54"E
332.74
370
S89°57'W
1180
819.46
2393.30 (T)
30.50±(T)
30±(T)
S-0-03 E
2463.30
N0°20'37"E
26.79
12-16-03 CSL
5-25-05 ZC
4-11-07 ZC
9-3-08 RP
6-12-12 MN
2-06-13 CC
3-14-13 CC
10-10-11 LL
8-5-09 MN
8-02-11 CC
8-01-12 CC

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Integrated Planning
CONTACT: Carol Mahoney/Tami Church/Amparo Flores/ Colleen Winey

AGENDA DATE: February 19, 2014 ITEM NO. **10**

SUBJECT: Chain of Lakes Preliminary Lake Use Evaluation – Draft Report and Near-Term Recommendations

SUMMARY:

- There is a need to develop and communicate a more formal lake use plan for Cope Lake and Lakes H and I for use in coordinating with external entities' planning efforts.
- A list of potential uses, a proposed lake use evaluation methodology, and preliminary results have previously been presented at various meetings with the Zone 7 Water Resources Committee, Zone 7 Board, retailers, and Liaison Committee.
- At the October 2013 Board meeting, staff was directed by the Board to develop a report presenting the findings. In response to comments received at the various meetings, and internal Zone 7 technical review, staff refined the list of potential uses and the criteria for evaluation. The final draft of the Preliminary Lake Use Evaluation for the Chain of Lakes (Evaluation) reflects these refinements and contains detailed information on the Chain of Lakes, the evaluation process, scoring results, and near-term recommendations.
- The Evaluation generally does not preclude any given lake from distinct uses, but instead provides a tool for examining the benefits or impacts associated with a proposed use. Given the long period of lake transfers, uses of the lakes will be reconsidered over time to reflect any changes in regulations, water management needs, and other factors.
- The Evaluation includes a lake use compatibility matrix that was developed to guide future discussions about potential multiple lake uses.
- In the near-term, Zone 7's detailed planning efforts are primarily focused on Lake I and Cope Lake (already owned by Zone 7), and Lake H (anticipated transfer to Zone 7 within the next three years). Recommended Zone 7 uses for these lakes include surface water storage and conveyance, groundwater recharge, and stormwater detention. Habitat conservation and passive and active recreation could also be accommodated depending on interest and participation from external agencies.

FUNDING:
No funding requested at this time.

RECOMMENDED ACTIONS:
Adopt the attached resolution, which accepts the "Preliminary Lake Use Evaluation for the Chain of Lakes" report and adopts the proposed near-term recommendations for Lakes H, I, and Cope.

ATTACHMENTS:
1) Memorandum providing additional background information and 2) Resolution

Interoffice Memo

DATE: February 19, 2014
TO: Jill Duerig, General Manager
FROM: Tami Church, Assistant Water Resources Planner
Amparo Flores, Associate Engineer
Colleen Winey, Assistant Geologist
SUBJECT: Chain of Lakes Preliminary Lake Use Evaluation – Draft Report and Near-Term Recommendations

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1. BACKGROUND:

The Chain of Lakes (COLs) is a series of former quarry lakes located in the heart of the Livermore-Amador Valley. Much of the chain is still undergoing active mining. Best described in the 1981 Specific Plan for Livermore Amador Valley Quarry Area Reclamation (LAVQAR), the COLs were envisioned as a large facility to be used for water management and related purposes by Zone 7 Water Agency (Zone 7). The COLs will ultimately consist of ten lakes, named Lakes A through I, and Cope Lake, connected through a series of conduits. Over the years, various other potential uses of the lakes have been proposed or requested in conjunction with the planning activities of outside agencies (e.g., ongoing development of the East Pleasanton Specific Plan [EPSP]).

While LAVQAR (1981) designated overall uses for the COLs area, it also recognized the need for Zone 7 to have flexibility in determining the ultimate use and operation of the lakes for water management. The general vision is that Zone 7 would use the lakes for water management and related purposes. Water management includes but is not limited to groundwater recharge, surface water storage and conveyance, and flood protection. However, various other potential uses of the lakes have been proposed or requested over the years in conjunction with the planning activities of outside agencies.

Over the past year, staff have met with the Water Resources Committee (WRC), the Board, retailers, and other stakeholders regarding the preliminary evaluation of potential uses for the Chain of Lakes. Staff also represent the agency on the EPSP. At the last Board presentation in October 2013, staff presented the preliminary findings and were directed by the Board to proceed with the preparation of the draft report presenting the evaluation.

Based on feedback received from the Board and retailers, and from internal technical reviews, staff refined the scoring criteria to better differentiate the ability of each lake to support a given use. The evaluation process, final scores, and scoring criteria are detailed in the draft Preliminary Lake Use Evaluation for the Chain of Lakes (Evaluation). The draft Evaluation was presented to the WRC in January 2014, at which time staff were directed to bring this item to the Board for (1) acceptance of the draft report and (2) approval of near-term recommendations for Lakes I, H, and Cope.

Below is a discussion of the highlights of the report.

2. DISCUSSION:

A. Purpose of the Evaluation

The purpose of the Preliminary Lake Use Evaluation for the COLs is to:

(1) identify which potential lake uses may be more suitable for individual former quarries—especially where conflicting proposed alternative uses may exist; and
(2) provide a framework for evaluating proposed uses as lakes are transferred to Zone 7 ownership.

The Evaluation does not preclude any given lake from distinct uses (unless specified), but instead provides a tool for examining the benefits or impacts associated with a proposed use.

B. Key Assumptions

To address some of the uncertainty inherent in a long planning horizon, the evaluation process relied on several key assumptions:

- **Identified Uses.** Lake use designations identified in Governing Documents and Agreements were adhered to. For example, the prescribed use of Lake I as the key groundwater recharge facility would not change from its designation in the LAVQAR. Furthermore, if a use was deemed incompatible with an already designated use, it was precluded from further evaluation at this time.

- **Primary and Secondary Uses.** Primary Uses receive priority over Secondary Uses. Furthermore, Secondary Uses do not directly support Zone 7's mission and will therefore be considered only if compatible with Zone 7's Primary Use(s) of a given lake. Secondary Uses would also require an external agency to fund and implement.

    - **Primary Uses** directly support Zone 7's mission of providing a reliable, high-quality water supply and effective regional flood protection.
    - **Secondary Uses** are uses that have been requested by external entities (e.g., retailers, members of the public, recreation agencies) and are potentially compatible with Zone 7's Primary Uses of the lakes, but may not directly support Zone 7's mission.

- **Evaluation "As Is."** Lakes that have already been turned over to Zone 7 were considered in their existing condition (or with minor modifications). All other lakes were evaluated based on their expected condition at the time of transfer. This includes the assumption that all planned facilities included in the SMPs will be built as part of reclamation, and all Zone 7 planned facilities will be built as well.

C. Potential Uses Evaluated

The seven evaluated uses were divided into Primary Uses and Secondary Uses, as described above (Table ES-1).

Table ES-1. Potential lake uses considered for the Preliminary Lake Use Evaluation.

POTENTIAL USE		DESCRIPTION
PRIMARY USES	Surface water storage and conveyance	Storage and conveyance of surface water for recharge or later treatment and direct delivery.
	Stormwater detention	Capture of stormwater and/or flood water (e.g., from a 100-year flood event) for flood protection.
	Groundwater recharge	Recharge of the Main Basin with surface water from Arroyo Del Valle diversions, SWP water, or other sources.
SECONDARY USES	Recycled water storage	Seasonal storage of recycled water for use during the dry season.
	Habitat/ Conservation	Protected or enhanced wildlife habitat/habitat corridor.
	Active recreation	Recreational activities that involve potential body-contact with the lake or its slopes (e.g., swimming, fishing)
	Public education/ Passive recreation	Recreational activities that do not involve body contact with the lake (e.g., bird-watching).

3. PRELIMINARY RESULTS AND RECOMMENDATIONS

Specific criteria were developed to evaluate the suitability of each lake use, broken down into the key defining attributes that a lake would need to support a given use (pros) and attributes that negatively impact its ability to support a given use (cons). Each pro or con was assigned a positive or negative point value, respectively, that reflected its importance to the function of the use. Point values from the criteria were summed to provide the score for each use and for each lake, allowing relative ranking of the lakes for each use. Lakes that scored greater than 50% of the maximum score were considered "more suitable" for a particular use.

A. Summary of Scores

Figure ES-1 summarizes all positive results of the evaluation presented as percentages of the maximum score for each potential use. Note that surface water storage and conveyance is an assumed use for each of the lakes, and other uses would have to be considered with this in mind. With the exception of active recreation, strong candidates emerged for most uses.

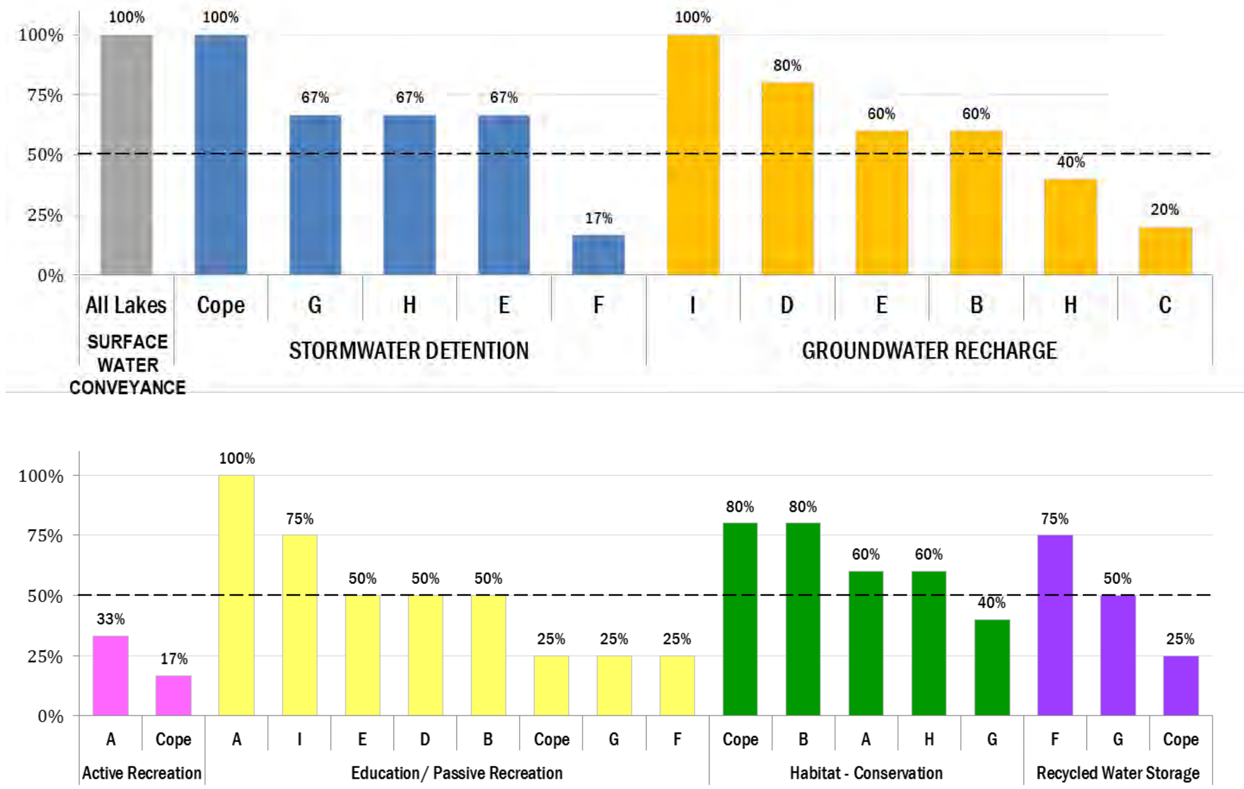


Figure ES-1. Summary of scores by Primary Use (top) and Secondary Use (bottom).

B. Lake Use Compatibility

Some lakes may have scored high for multiple uses, which may or may not be compatible. A lake use compatibility matrix was developed for guidance (Table ES-2), but actual compatibility will need to be determined when there is more specific information on site-specific conditions (e.g., hydrogeologic data) and on the design and operation associated with the uses being considered.

- "**Incompatible**" indicates a conflict based on regulations, public health concerns, agreements, etc.
- "**Potentially compatible**" indicates that there will need to be special considerations in the design (e.g., placement of facilities) and operation (e.g., timing) to accommodate the multiple uses proposed.
- "**Compatible**" uses pose no identified conflicts and in fact may be complementary.

Table ES-2. Lake use compatibility matrix.

		STRM-STOR	GWR-RCHG	SURF-STOR	RW-STOR	HAB-CORR	REC-ACT	EDUC/ REC-PAS
PRIMARY USES	STRM-STOR		O	O	×	✓	O	✓
	GWR-RCHG	O		✓	×	✓	O	✓
	SURF-STOR	O	✓		×	✓	O	✓
SECONDARY USES	RW-STOR	×	×	×		✓	×	✓
	HAB-CORR	✓	✓	✓	✓		O	O
	REC-ACT	O	O	O	×	O		✓
	EDUC/ REC-PAS	✓	✓	✓	✓	O	✓	

× Incompatible
O potentially compatible
✓ compatible

C. Near-Term Recommendations

Zone 7 currently owns Lake I and Cope Lake. Lake H will be transferred to Zone 7 at the end of the lease between Hanson and PGC, which would have been at the end of 2014; however, due to incomplete reclamation, the lease has been extended for up to three years. The other lakes will be transitioned to Zone 7 as mining is completed over the next twenty to fifty years. ***Given the long period of lake transfers, uses of the lakes will be reconsidered over time to reflect any changes in regulations, water management needs, and other factors.***

Zone 7 will continue to coordinate with Alameda County and the quarry operators/owners on the lakes still in active mining, in use for related operations, or undergoing reclamation; this will help ensure that the lakes will be suitable for water management activities, as intended, upon transfer. In the near-term, Zone 7's detailed planning efforts are primarily focused on Lakes H and I, and Cope Lake. These efforts will continue to be coordinated with the development of the EPSP. Figure ES-2 shows Lakes H and I, and Cope Lake, and the near-term recommended uses for these lakes.

- **Lake I** will be used for surface water storage and conveyance, and groundwater recharge, as originally designated in LAVQAR, given its high recharge capacity/connectivity with the groundwater basin. Lake I is a strong candidate for public education because of its location and, given its use, provides a powerful backdrop for educating the public about water management. Extension of trails around portions of Lake I is also possible.

- **Cope Lake** has the highest potential for multi-beneficial use, which includes surface water storage and conveyance, stormwater detention, habitat corridor and active recreation . Cope Lake is a strong candidate for stormwater detention and was one of only two lakes that rated a positive score for active recreation. Those two uses are potentially compatible, requiring some timing restrictions on the use of the lake for active recreation activities during the wet season. The design of the recreation facilities would also have to be carefully considered because of the fluctuating water levels. While it was one of three lakes that scored positively for recycled water storage, it scored the lowest at only 25%. The other two lakes, F and G, may be more appropriate for this use and could be considered at a later time depending on timing of need and lake transfer; other off-chain pits in the COLs area may also be potential candidates.

- **Lake H** also emerged as a potential candidate for stormwater detention. The east sides of Cope Lake and Lake H could be considered for preservation as a habitat corridor, allowing for wildlife to move between the riparian areas of the Arroyo Mocho and upland habitat. This would not conflict with the use of the lakes for stormwater detention or surface water storage and conveyance.

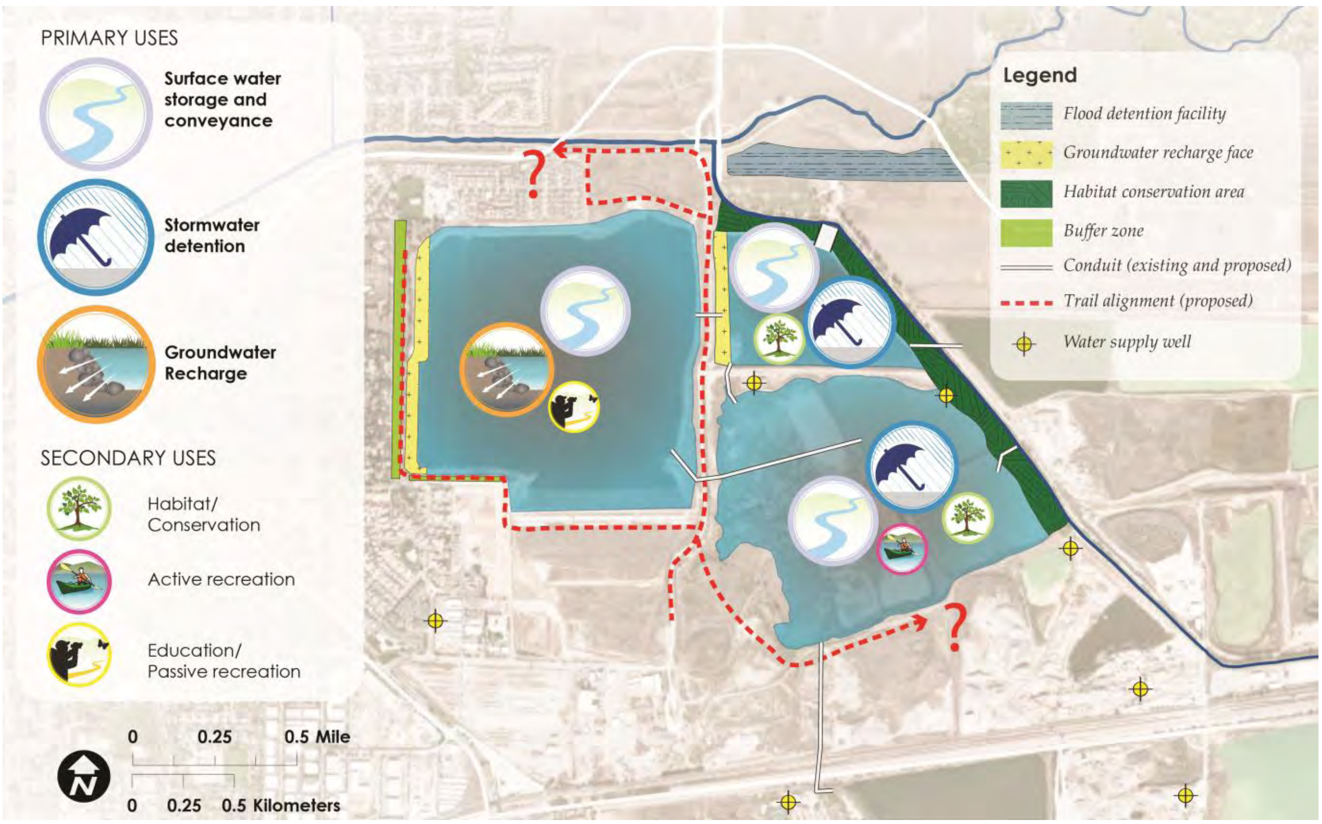


Figure ES-2. Map of near-term recommendations for Lakes H, I, and Cope.

4. NEXT STEPS

The Board is requested to accept the draft report for finalization and to approve the near-term recommendations. If approved by the Board, the near-term recommendations will serve as the basis for Zone 7's formal input into the EPSP development process with regards to the use of Cope Lake and Lakes H and I. Zone 7 staff will also proceed with the requisite coordination, planning, and engineering efforts to implement the recommendations.

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

WHEREAS, a need was identified to develop and communicate a more formal lake use plan for the future Chain of Lakes and specifically, Lakes H, I, and Cope Lake for purposes of coordinating with external entities' planning efforts; and

WHEREAS, the Preliminary Lake Use Evaluation for the Chain of Lakes (Evaluation) was undertaken by Staff to create a list of potential uses and criteria for evaluating each use that can be updated in the future as new information becomes available; and

WHEREAS, the Evaluation generally does not preclude any given lake from distinct uses, but instead provides a tool for examining the benefits or impacts associated with a proposed use. Given the long period of lake transfers, uses of the lakes will be reconsidered over time to reflect any changes in regulations, water management needs, and other factors; and

WHEREAS, a list of potential uses, a proposed lake use evaluation methodology, and preliminary results have previously been presented at various meetings with the Zone 7 Water Resources Committee, Zone 7 Board, retailers, and Liaison Committee and comments have been incorporated into the Evaluation;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of Alameda County Flood Control & Water Conservation District hereby accepts the "Preliminary Lake Use Evaluation for the Chain of Lakes" report and adopts the proposed near-term recommendations for Lakes H, I, and Cope Lake.

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 19, 2014.
By:______________________________________
President, Board of Directors

Water Resources Committee
January 13, 2014
Meeting Summary

Directors Present: J. Greci, A. Machaevich, B. Stevens
Staff Present: J. Chahal, J. Duerig, A. Flores, C. Mahoney, C. Winey, T. Church, K. Arends, M. Katen, T. Rooze

Director Stevens called the meeting to order at 4:04 p.m.

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

There were no public comments.

2. **Preliminary Lake Use Evaluation for Chain of Lakes**

Dr. Flores introduced the purpose of the evaluation, the underlying assumptions, and walked through each of the primary and secondary uses evaluated for the Chain of Lakes.

Ms. Church summarized the preliminary scores for each of the uses. Lakes that scored 50% or above were considered "suitable;" however, not all uses are compatible. Ms. Church presented a Use Compatibility Matrix as preliminary guidance for considering multiple uses of a lake. As specific project proposals are put forward, actual compatibility will be more closely evaluated based on site-specific conditions, and the design and operation associated with the use being considered.

Applying the results of the evaluation, staff developed preliminary near-term recommendations for Lakes H, I and Cope Lake. Ms. Winey walked through the recommended Primary and Secondary Uses lake-by-lake. Staff recommends the following:

- **Lake I:** Surface Water Storage and Conveyance, Groundwater Recharge (Primary Uses); Education/Passive Recreation (Secondary Use).
- **Lake H:** Surface Water Storage and Conveyance, Stormwater Detention (Primary Uses); Habitat Conservation/Corridor (Secondary Use)
- **Cope Lake:** Surface Water Storage and Conveyance, Stormwater Detention (Primary Uses); Habitat Conservation/Corridor, Active Recreation (Secondary Uses)

Ms. Winey outlined the next steps for the Committee's consideration which included presentation to the Board in February 2014 for acceptance of the draft report, and approval of preliminary near-term recommendations for Lakes H, I, and Cope Lake.

Director Machaevich asked for clarification about "active" versus "passive" recreation with specific emphasis on boating. Ms. Winey stated that any recreation activity requiring access to the slopes was considered active recreation

Don Kahler, Pleasanton Gravel Company, inquired about the ability of Cope Lake to accommodate flood waters. Staff responded that the Stream Management Master Plan Update is currently underway, which includes a hydraulic model to determine the flow rates and volumes of stormwater that need to be detained in the COLs area and help evaluate the operation of the lakes needed for flood protection.

Director Stevens noted that it is very expensive for businesses to export soil from a development site. He recommended that, as part of the long-term COL planning process, Zone 7 consider the possibility of charging a dump fee from local developers and filling in Lake A, which will help make the slopes safer in the lake. Director Stevens clarified that this is for future long-term consideration, and did not need to be addressed in the report.

Director Stevens also noted that the Valley should consider alternative uses of recycled water (e.g., potable reuse via recharge of the groundwater basin), given the increasing challenges of water supply reliability. Connie Cox, Valley Trails Resident, responded that no one wants to smell or drink recycled water and stated her concerns about using Cope Lake for recycled water storage if it will make it less available for flood protection. Director Greci asked about the current level of treatment of recycled water in the Valley. General Manager Duerig described the use of recycled water in the Valley for landscape irrigation in the dry months, which requires tertiary treatment and disinfection, and the potential for year-round production of recycled water if a storage solution can be found, citing the MOU with DSRSD to explore storage options. She noted that Lake F appears to be a relatively strong candidate for recycled water storage; if a specific project proposal for recycled water storage is put forward, Zone 7 would have to consider the necessary modifications to Lake F, and potentially adjacent lakes, to serve that purpose. Additional discussion followed about designating a lake for recycled water storage, with staff referencing the Use Compatibility Matrix.

Director Greci stated that he views the Chain of Lakes as the Valley's salvation to deal with drought and it will put Zone 7 ahead of other agencies.

The Committee recommended adopting the near-term recommendations and going to the Board in February for presentation of the draft report and near-term recommendations. Director Stevens asked if the report could be circulated. Staff advised that the draft report is posted on the website as part of today's committee package.

3. Salt Management Plan Update

Mr. Rooze began with a review of the methods and preliminary results he presented to the Water Resources Committee on October 20, 2013. He then presented a series of updated salt loading graphs that compared the projected basin-average total dissolved solids (TDS) concentrations for several combinations of recycled water use and groundwater demineralization capacities. The results were projected out to 2070, whereas, previously the results only went to 2050. By extending the timeframe, the Committee was able to see the effects of the full Chain of Lakes storage and recharge project coming online in approximately 2058. The Committee was told that the "most likely scenario" included planned expansion of retailer recycled water use and implementation of second phase of groundwater demineralization in 2030 and the anticipated "Delta Fix" in about 2027.

Also presented was a set of similar graphs that compared the projected basin-average TDS of the "most likely scenario" from the first series with those from two "no Delta fix" scenarios; both from Zone 7's Water Supply Evaluation (i.e., "In-Valley Portfolio" and "Intertie Portfolio"). The "most likely scenario projects the most favorable salt loading and TDS results.

Mr. Rooze then described the next steps which included sending the updated results to the Retailers for review followed by staff presenting these results to the RWQCB for comment. Staff will bring back the presentation along with the Retailer and RWQCB comments to the Water Resources Committee if the comments are significant or to the full Board if the comments are minor.

Director Stevens confirmed that Zone 7's current groundwater demineralization operations were in Pleasanton, and asked that the results be sent to all of the local cities that Zone 7 serves. General Manager Duerig stated that Livermore and Pleasanton are already included as Retailers and that DSRSD handles these matters for the Cities of Dublin and San Ramon.

Director Stevens opined that the public does not understand these groundwater matters and could use more access to the information. General Manager Duerig explained that all of the public meetings, including this one, are publicly noticed with an agenda attached. She also mentioned that the agency uses the Zone 7 website and e-newsletters to get the information about the project and related meetings out to the public.

General Manager Duerig stated that Zone 7 is not required to do an update because having a Salt Management Plan adopted by the RWQCB allows the existing plan to be "grandfathered in." Zone 7 is voluntarily going through this extra effort to bring the SMP into conformance with the new Recycled Water Policy which was adopted in 2009 by the State Water Resources Control Board.

Director Machaevich added that this effort is important and that he was glad Zone 7 is doing it.

4. Verbal Comments

There were no verbal comments.

5. Adjournment

Director Stevens adjourned the meeting at 4:55 p.m.

12b

2/19/14 Board written/narrative comments by Dick Quigley

January 17 & 27: ACWA special teleconference - Region 5 board meeting event planning for the Region 5 Santa Cruz event planning call that took place today:

- We are moving forward with the date: Sunday, March 23 & Monday, March 24.
- We will keep Region 5's traditional format of a light program and networking opportunity on Sunday evening and a half-day program or tour on Monday.
- Locations: We will try to keep the program in the hotel that attendees can stay in.
- Kim Adamson will help get pricing information for the Paradox Hotel
- Ana will look into pricing options at the Dream Inn.
- The work group will work on program theme and panel ideas between now and our next call.
- The next call is on February 6 at 2 p.m.

January 30 & 31: Participated in an ACWA Board meeting in Sacramento. A two-year strategic plan with other regions was developed as a blue print for integrating Regional and State water issues and the Statewide Water Action Plan.

February 6: Region 5 spring event phone conference up for Sunday, March 30 & Monday, March 31 at Seacliff Inn. Program agenda is: "Working Together in Dry Times, How the Santa Cruz Water Community is Collaborating for Solutions." The next call is on February 14 at 2 p.m.

Please let me know if you have any questions or suggestions.
Thanks
DQ

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: February 19, 2014 **ITEM NO. 14a**

SUBJECT: GENERAL MANAGER'S REPORT

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

Environmental & External Affairs:

- On January 31st, the California Department of Water Resources (DWR) announced a reduction in the 2014 allocation from 5% down to an unprecedented 0%. While this is not final (could change based on precipitation between now and June and associated water levels in Lake Oroville, which is the major supply for the State Water Project), it gives an indication of the dire situation which might be facing the Valley this year (see separate Drought Status Report).

- As part of the Living Arroyos program, thirty volunteers from Kaiser Permanente planted over 500 acorns along the Stanley Reach of the Arroyo Mocho for a special planting event on Martin Luther King, Jr., Day.

- As of January 29th, Lake Del Valle storage was at approximately 29,600 acre feet/AF (elevation 687.0 feet). Following requests from South Bay Contractors, DWR agreed to begin filling the lake by pumping State Project water into it starting in February.

Finance & Administration

- Zone 7 received a letter from Bert Michalczyk officially announcing the termination of the Committee of Valley Water Retailers "because of the cooperative working relationship that has been recently forged with Zone 7. An Administrative Decision to withdraw was made by Cal Water, effective August 30, 2013, and resolutions were passed by the member public agencies (DSRSD – June 18th; Livermore – July 22nd and Pleasanton October 15th).

- Purchase of the DWR property adjacent to the Patterson Pass Plant has taken another step forward. DWR now has all approvals and Zone 7 has signed the purchase agreement. Once the State Department of General Services (DGS) approves the document, DWR will sign and the purchase can be finalized.

Engineering and Flood Control:

- After all the recent breaks on the South Bay Aqueduct (SBA), Santa Clara Valley Water District asked DWR staff to conduct an assessment of reliability. At a meeting this month, DWR staff presented a list of SBA repairs made between 2004 and 2013, mostly on the Santa Clara Pipeline. Five areas of seismic vulnerability were identified. However, the most recent failure was tentatively linked to earth movement, perhaps from a CalTrans stockpile next to the pipe.

- Staff continue to work with area police to remove homeless encampments from flood control channels. These are especially common where channels are in underpasses so the encampments have some protection from the weather. On the other hand, the encampments are usually in areas that would be inundated should high flows occur.

- Infilco Degremont (IDI) notified staff that it is discontinuing the Aquasource membranes Zone 7 uses at Patterson Pass. The new membranes are made of a different material, not yet approved by the Office of Drinking Water. Staff are working with a consulting firm to determine what options are available.

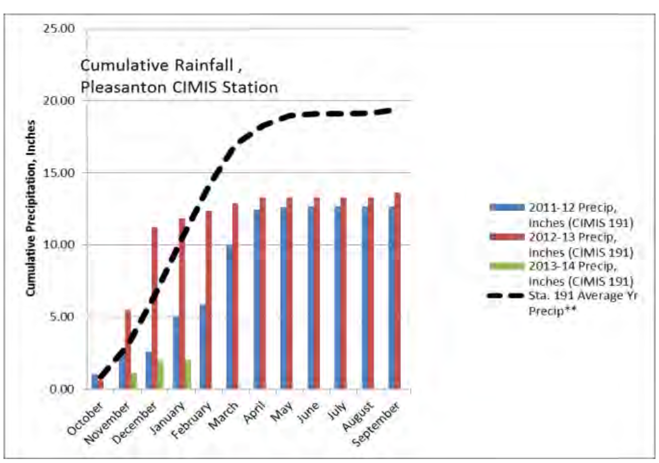
Operations and Maintenance:

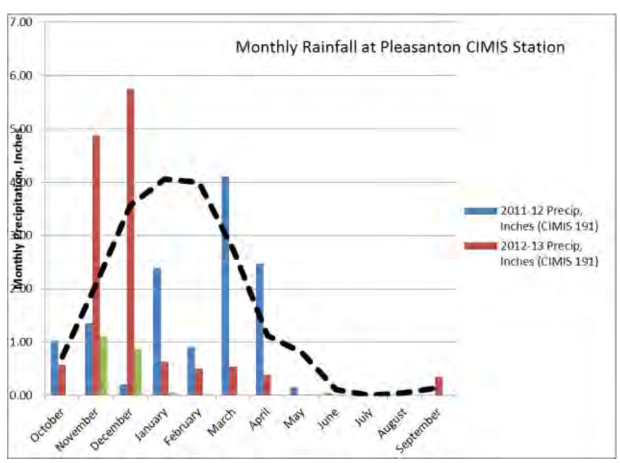
- The South Bay Aqueduct shutdown lasted about 10 days with the two surface water treatment plants (Del Valle and Patterson Pass) offline for the duration. All untreated water turnouts except Wente 5 and Arroyo Valle 2 were also out of service.

- While water quality remains acceptable, artificial recharge of the groundwater basin continues; 3 cubic feet per second (cfs) of State Project water is being released to Arroyo Valle and 6 cfs to the Arroyo Mocho.

- Supervisory Control and Data Acquisition (SCADA) software problems continue at the Mocho Groundwater Demineralization Facility, necessitating server rebooting every few days. Troubleshooting is ongoing, although inexpensive options have almost all been eliminated.

- January demands were above average (26.7 MGD compared to an average of 21.0), most likely due to continuing dry conditions locally (only 0.06 inches of rain locally, as measured at CIMIS Station 191 in Pleasanton):





Monthly List of GM Contracts

January 2014

Contracts:

Bay Area Coating Consultants, Inc.	$ 4,680	Inspection and Testing Services for chemical storage tanks at Del Valle Water Treatment Plant
Morrison & Associates, Inc.	10,000	Administrative, technical and regulatory support for the Bay Area Flood Protection Agencies Association (BAFPAA)
Liebert Cassidy Whitmore	2,175	Northern California Consortium legal services
Geocon Consultants, Inc.	13,698	Phase II Environmental Assessment of the Union Pacific Railroad and Alameda County properties in Pleasanton
Total January 2014	$30,553	

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: February 19, 2014 ITEM NO. **14b**

SUBJECT: Communications Outreach Activities

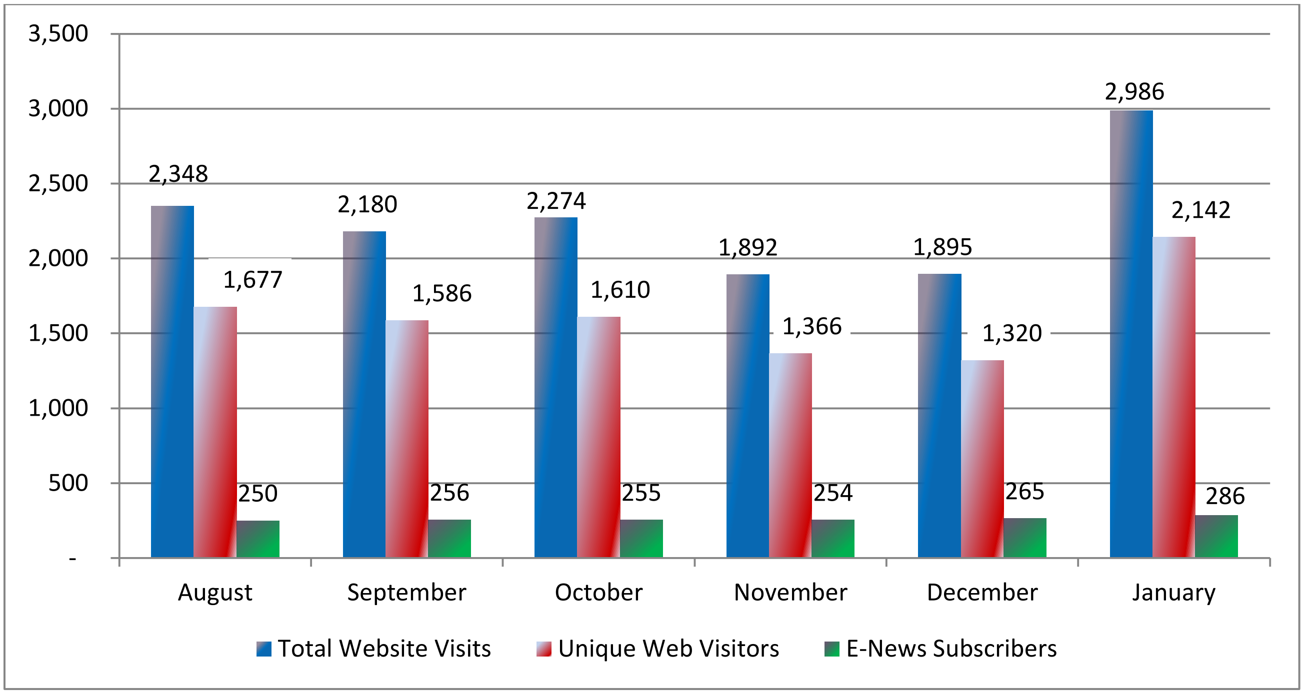
E-Newsletters, January 8, 17 & 30

The January 8th e-newsletter had an article on dry weather pushing into the new year, and advanced the January 30, 2014, local public workshop at which California Natural Resources Secretary John Laird outlined the California Water Action Plan. The January 17th e-newsletter covered Gov. Jerry Brown's declaration of a drought state of emergency and the January 30th e-newsetter reported on the Zone 7 board's declaration of a local drought emergency and response plan that, in addition to requesting 20 percent voluntary conservation, includes agency actions aimed at minimizing water supply shortages.

Presentation on California Water Action Plan, January 30

Approximately 120 community members, including elected officials, community and business leaders, and interested residents, attended a workshop at which California Natural Resources Secretary John Laird outlined the California Water Action Plan. This event was co-sponsored by Zone 7; Dublin San Ramon Services District; California Water Service Company; and the cities of Livermore, Pleasanton, Dublin and San Ramon.

Website & E-news Subscription Activity



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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: February 19, 2014 ITEM NO. **14c**

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of Agency consultants, monitors legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.
- The Legislature responded in several ways to Governor Brown's January 17th formal drought emergency proclamation. Senate leader Darrell Steinberg's staff is developing emergency legislation to accelerate funding for several programs to respond to the drought. He also declared that a water bond should be on the 2014 ballot and became a co-sponsor of Senator Lois Wolk's $6.5 billion water bond (SB 848). San Joaquin Valley Senators Anthony Cannella and Andy Vidak introduced SB 927 that cuts about $2 billion from the existing bond by "eliminating earmarks." The Assembly Water, Parks and Wildlife Committee continued to hold informational hearings on its $6.5 billion bond proposal (AB 1331). Assemblyman Dan Logue introduced AB 1145, a $5.8 billion bond that would be devoted entirely to storage. The governor has yet to take a public position on any of the bond proposals.
- San Joaquin Valley Republicans in Congress introduced the San Joaquin Valley Emergency Water Delivery Act (HR 3964) and the leadership planned to fast-track it through the House of Representatives in early February. It would approve two new dams and expansion of two others, and eliminate the restoration of salmon runs on the San Joaquin River.
- In response, California Senators Feinstein and Boxer, along with Oregon Senators Wyden and Merkley, introduced the "California Emergency Drought Relief Act of 2014," a bill to help California and Oregon farmers, businesses and communities suffering from historic drought conditions.
- The governor's 2014-15 budget was introduced January 9th and proposed $618.7 million for the Water Action Plan, including $7.8 million for the state board's groundwater management.
- February 21st is the deadline for introduction of new bills.

RECOMMENDED ACTION: Information only

EXECUTIVE SUMMARY
State Legislation

The Gualco Group, Inc.®

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

February 19, 2014

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 02/04/2014
Delta Environment				
SB 735 (Wolk)	Sacramento-San Joaquin Delta Reform Act of 2009: multispecies conservation plan	This bill would allow the Delta Stewardship Council; the Department of Fish and Wildlife; the Counties of Contra Costa, Sacramento, and Solano; the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency; and the San Joaquin Council of Governments to enter into a memorandum of understanding that describes how the parties would ensure that multispecies conservation plans that have been adopted or are under development are consistent with the Delta Plan.	Watch	Assembly Committee on Water, Parks and Wildlife – Technically DEAD*
Water Bond				
AB 1145 (Logue)	California Water Infrastructure Act of 2014	This bill would enact the California Water Infrastructure Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $5,800,000,000 pursuant to the State General Obligation Bond Law to finance a public benefits associated with water storage projects program. This bill would provide for the submission of this bond act to the voters at the November 4, 2014, statewide general election.	Watch	In Print

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 02/04/2014
AB 1331 (Rendon)	Clean and Safe Drinking Water Act of 2014	This bill would enact the Clean and Safe Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $6,500,000,000 pursuant to the State General Obligation Bond Law to finance a clean and safe drinking water program. This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Senate Committee on Natural Resources and Water
SB 848 (Wolk)	Safe Drinking Water, Water Quality, and Flood Protection Act of 2014	This bill would enact the Safe Drinking Water, Water Quality, and Flood Protection Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $6,475,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and flood protection program. The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Senate Committee on Natural Resources and Water
SB 927 (Cannella)	Safe, Clean, and Reliable Drinking Water Supply Act of 2014	This bill would rename the existing bond act as the Safe, Clean, and Reliable Drinking Water Supply Act of 2014 and make conforming changes. The bill would instead authorize issuance of bonds in the amount of $9,217,000,000 by reducing the amount available for specific, named projects related to drought relief and water supply reliability. It would remove the authorization for funds available for ecosystem and watershed protection and restoration projects, and would increase the amount of funds available for emergency and urgent actions to ensure safe drinking water supplies in disadvantaged communities and economically distressed areas.	Watch	In Print
State Water Resources Control Board				
AB 145 (Perea)	State Water Resources Control Board: Drinking Water	This bill would transfer to the State Water Resources Control Board the various duties and responsibilities imposed on the Department of Public Health by the California Safe Drinking Water Act.	Oppose Unless Amended	Senate Committee on Appropriations – Technically DEAD*

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 02/04/2014
Special Taxes: Voter Approval				
ACA 8 (Blumenfield)	Local government financing: voter approval	This bill would create an additional exception to the 1% tax rate limit of the full cash value on real property for a rate imposed by a city, county, city and county, or special district, as defined, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable.	Support	Senate Committee on Governance and Finance
SCA 9 (Corbett)	Local government: economic development: special taxes: voter approval	This measure would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for community and economic development projects requires the approval of 55% of its voters voting on the proposition.	Watch	Senate Committee on Appropriations
SCA 11 (Hancock)	Local government: special taxes: voter approval	The California Constitution conditions the imposition of a special tax by a local government upon the approval of 2/3 of the voters of the local government voting on that tax, and prohibits a local government from imposing an ad valorem tax on real property or a transactions tax or sales tax on the sale of real property. This measure would instead condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition.	Watch	Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 02/04/2014
Groundwater/Hydraulic Fracturing				
AB 7 (Wieckowski)	Oil and gas: hydraulic fracturing	This bill would revise existing procedures to require the operator of a well to file an application before commencing drilling of an oil or gas well, and would prohibit drilling until approval or denial of the application is given by the supervisor or district deputy within 30 working days. The bill would require, on and after January 1, 2014, additional information to be included in the application, including information regarding the chemicals, if any, to be injected into a well. This bill would additionally require the operator prior to drilling, redrilling, or deepening operations, to submit proof to the supervisor that the applicable regional water quality control board has approved the disposal method and location of wastewater disposal for the well.	Watch	On Assembly Floor
SB 620 (Wright)	Water Replenishment Districts	Current law, the Water Replenishment District Act, generally authorizes a water replenishment district to establish an annual reserve fund in an amount not to exceed $10,000,000 commencing with the 2000-01 fiscal year, and thereafter, as that amount is adjusted annually. The act requires a minimum of 80% of the reserve fund to be expended for water purchases. This bill would, until the 2019-20 fiscal year, eliminate the requirement that at least 80% of the reserve fund be expended for water purchases.	Watch	Assembly Committee on Water, Parks and Wildlife
Drinking Water				
AB 1249 (Salas)	Integrated regional water management plans: nitrate contamination	This bill would require an integrated regional water management plan to include an explanation of how the plan addresses nitrate contamination, or an explanation of why the plan does not address nitrate contamination, if an area within the boundaries of the plan has been identified as a nitrate high-risk area by the State Water Resources Control Board.	Watch	Senate Committee on Rules

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 02/04/2014

Conservation Planning

AB 1514 (Gonzalez)	Natural community conservation planning agreements	The bill would also require an agreement to implement a natural community conservation plan to identify all lands within the planning area that are classified by the State Geologist as containing mineral deposits of regional or statewide significance. The bill would require the agreement, if classified mineral resources are found to exist on lands within the planning area, to include participation by the State Geologist, as specified.	Watch	Assembly Committee on Water, Parks, and Wildlife

* Although SB 735 and AB 145 are "technically dead" for this Session, the content of either bill can be amended into other legislation at any time in the process so they are included in the Summary.

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

ORIGINATING DIVISION: ADMINISTRATIVE SERVICES
CONTACT PERSON: JAVIA GREEN

AGENDA DATE: February 19, 2014 ITEM NO: **14d**

SUBJECT: **Monthly Budget Report**

SUMMARY:

The new financial software system (New World) was implemented on July 1, 2013, starting with fiscal year 2013/14. New World allows us to provide monthly updates on both revenue and expenses. This report provides a summary of budget performance and an explanation of any major variances. The following bullet points provide explanations and additional details to assist in reading this report:

- For all the funds except for Fund 100, expenses currently exceed revenue. This is due to the timing difference of revenues and expenses. For example, Fund 110 - State Water Project receives the bulk of property tax revenue in November and April, while the majority of payments to the Department of Water Resources (DWR) are processed monthly. Until property tax revenue is received, expenses will continue to exceed revenue. The financial data reported for Fund 130 – Expansion is another example of a revenue and expense timing difference. Most connection fee revenue is received in the spring and summer, but the majority of non-discretionary expenses (i.e., payments for debt incurred by others for the SBA Enlargement and Cawelo Groundwater Banking Program) are incurred in the late summer and late winter.

- Year-to-date (YTD) payroll expenses for all funds are reported through the pay period ending 1/04/2014. This represents six months of expenses. Payroll costs are not automatically captured by New World, causing timing differences in the posting of payroll charges. Instead, labor is imported from two separate systems: the County's financial system (Alcolink) and Zone 7's cost system. Zone 7 must depend on the County's system until separation.

- The capital project funds are Funds 120, 130 and 210. On the attached Annual Budget by Account Classification Report, please note that the budgets for the capital project funds are reported in just a few accounts. Actual project expenses are reported in the appropriate account, resulting in the appearance that expenses exceed the budget. Therefore, it is important to focus on the expenditure totals, which show that expenses are within budget.

- The information in the following tables summarizes, by fund, the attached Annual Budget by Account Classification Report (produced in New World) and includes FY audited actuals from the former financial system (Fundware).

- The Annual Budget by Account Classification report provides the FY 12/13 Budget for comparison purposes. FY 12/13 Actuals are not included in this report because the data is not available in the new financial system. The FY 13/14 Budget shown is the adopted budget plus any transfers or carryovers.

- For this report, use of reserves has been removed from the FY 13/14 revenue budget amount to better display actual revenue variances.

- The period of July 1, 2013 through January 31, 2014 is approximately 58% of the fiscal year or seven months. By January, we typically expect that 50% - 60% of the budget has been used, representing about six months of expenses. This is because services rendered/goods purchased in December would be paid in January. Other variations are due to the as-needed and seasonal nature of expenses. While these percentages may vary by fund, it's worth noting that agency-wide 55% of revenue has been received and 47% of the budget has been spent.

Water Enterprise Fund – Fund 100 (formerly Fund 52)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 39,469,514	$ 37,884,745	$ 21,682,462	57.2%
Expenses	$ 35,262,653	$ 42,779,364	$ 18,808,070	44.0%

This fund provides financing for the acquisition and conveyance of raw water, treatment and delivery to the Zone 7 service area. The primary source of revenue for this fund is water sales. Water sales revenue totals $21M, which is 57% of the budget for the entire fiscal year. This includes the sale of 22,485 acre feet of treated water through December. January water sales revenue is not reported because the meter reading data that generates the monthly water billing was not available at the time of this report. Revenue also includes proceeds from the State of California Prop 84 Water Conservation Grant and refunds from DWR. Zone 7 does not budget for grant revenue because grant funding is not always guaranteed. Refunds from DWR are from prior-year adjustments that are unknown at the time of budget development.

Chemical and imported water charges are under budget because Zone 7 is using more groundwater than surface water due to a variety of reasons, including challenges treating raw water at the plants, SBA shutdowns and reduced allocations this year. Utility charges are 59% of the budget because groundwater is more energy intensive. Expenses such as other services/supplies and training are under budget in an effort to reduce discretionary spending. Maintenance and professional services are lower because of their as-needed/seasonal nature.

State Water Facilities Fund – Fund 110 (formerly Fund 51)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 12,040,842	$ 13,798,385	$ 6,342,927	46.0%
Expenses	$ 14,002,380	$ 14,118,181	$ 11,503,735	81.5%

This is a pass-through fund for fixed charges associated with the State Water Project, assessed as a property tax override. $5.6M of property tax revenue has been posted, representing 49% of the budget for the entire fiscal year. YTD revenue also includes a $0.8M refund from DWR. $1.3M for the Dougherty Valley Surcharge has not been posted yet but is anticipated in March.

YTD expenses reflect payments to DWR for fixed costs (capital and O&M). The capital component of DWR's invoices are paid twice yearly (January and July), and have been posted. The rest of the year's expenses will include payments that are made monthly and the second installment of the South Bay Aqueduct (SBA) Improvement and Enlargement payment.

Water Renewal/Replacement & System-wide Improvements – Fund 120 (formerly Fund 72)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 7,347,879	$ 8,831,962	$ 4,483,303	50.8%
Expenses	$ 4,100,242	$ 25,298,419	$ 7,681,081	30.4%

This fund pays for capital projects addressing the replacement and improvement of the current water treatment and delivery system. The primary source of funding is a transfer from Fund 100 – Water Enterprise. YTD revenue includes Dougherty Valley Facility Use Fees and the quarterly transfers from Fund 100.

The FY 13/14 Budget has been amended to reflect additional appropriations of $2.8M approved at the January 29, 2014 Special Board meeting for three drought emergency projects – Chain of Lakes Well 5, design of the Valley Avenue Well and the Cope Lake Pipeline to Lake I. Funding for these projects came from capital project reserves.

Expenses reflect capital project expenses, the North Canyons lease payment, laboratory equipment and watershed investments. The timing of expenses is tied to the construction schedule for capital projects (i.e. construction in the winter, when production is lower at the treatment plants). An increase in expenses is expected once construction is underway.

Water Expansion – Fund 130 (formerly Fund 73)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 29,176,830	$ 20,948,165	$ 11,914,589	56.9%
Expenses	$ 18,814,437	$ 26,139,618	$ 12,195,841	46.7%

This fund is intended to provide funding for new facilities and supplies to meet the demands of new development. The primary source of revenue is connection fees. YTD revenue includes $1M in DWR refunds and $10.7M from connection fees, about 58% of the budget for the entire fiscal year. A total of 70 connection fee credits have been used totaling $1.6M, while 600 credits remain outstanding, valued at $14.4M at the 2014 connection fee level (see Chart 1 attached).

The FY 13/14 Budget has also been amended to reflect additional appropriations of $3.2M approved at the January 29, 2014 Special Board meeting for three drought emergency projects – Chain of Lakes Well 5, design of the Valley Avenue Well and the Cope Lake Pipeline to Lake I. Funding for these projects came from capital project reserves.

Expenses reflect payments to DWR, the North Canyons lease payment, interest on the ISA, watershed investments, and first installments of the SBA Improvement & Enlargement and Cawelo debt payments. The ISA with Wells Fargo was paid off on December 19, 2013; this single payment was a large percentage of anticipated expenses this year. Please note that the ISA payoff is no longer reported as an expense in this report. It will be reported in the FY 13/14 financial audit as a reduction in assets and liabilities.

Of the remaining budget (about $26M), $12M or a little less than half has been expended. Additional expenses of about $6M will be paid in March for the second installments of the SBA Improvement and Enlargement and Cawelo debt payments.

Flood Protection Operations – Fund 200 (formerly Fund 50)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 6,151,496	$ 6,200,347	$ 3,405,026	54.9%
Expenses	$ 5,355,914	$ 25,948,108	$ 13,000,093	50.1%

This fund provides funding for general administration and the maintenance and improvement of the existing flood protection system. The primary source of revenue is property taxes. Property tax revenue totaling $3.2M has been posted, around 54% of the budget for the entire fiscal year. Expenses include labor, watershed investments, the summer flood control maintenance program and expenses for projects such as Arroyo Mocho Stanley Reach and the Hydrology Study.

Flood Protection and Stormwater Drainage (DIF) – Fund 210 (formerly Fund 76)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 5,180,104	$ 2,632,000	$ 1,677,305	63.7%
Expenses	$ 1,227,729	$ 7,440,315	$ 3,412,652	45.9%

This fund provides funding for flood protection facilities required for new development. The primary source of revenue is development impact fees. YTD revenue includes $1.6M in development impact fee revenue, well over half of the budget for the entire fiscal year. Expenses include the North Canyons lease payment, watershed investments, and expenses for projects such as Arroyo Mocho Stanley Reach and the Hydrology Study, of which this fund pays a share.

RECOMMENDED ACTION:
Information only.

ATTACHMENTS:
Zone 7 Water Agency Annual Budget by Account Classification Report
CHART 1 – Shea-Lin Connection Fee Credit Estimated Potential Lost Revenue

ZONE 7 WATER AGENCY
Annual Budget by Account Classification Report
Budget Summary

	FY 12/13 Budget	FY 13/14 Budget	Amount	% Used/Rec
FUND: 100 Water Enterprise Operations				
Revenue				
411 - Water Sales & Service	$37,085,455.00	$37,664,745.00	$21,405,161.73	57%
452 - Aid from Governmental Agencies - State	$700.00	$700.00	$92,670.00	13239%
461 - Investment Earnings	$95,000.00	$95,000.00	$8,897.23	9%
462 - Rents and Royalties	$31,000.00	$31,000.00	$9,768.43	32%
464 - Fines and Penalties	$0.00	$0.00	$203.33	-
481 - Other Revenue	$93,300.00	$93,300.00	$165,760.97	178%
Revenue Totals	$37,305,455.00	$37,884,745.00	$21,682,461.69	57%
Expenditures				
511 - Personal Services - Salaries and Wages[1]	$12,979,972.00	$13,325,249.00	$5,228,206.59	39%
512 - Personal Services - Overtime[1]	$204,410.00	$206,778.00	$77,960.07	38%
513 - Personal Services - Benefits[1]	$5,935,795.00	$6,388,757.00	$2,863,930.91	45%
600 - Labor & Overhead Distributed[2]	($7,587,903.00)	($7,803,870.00)	($1,911,792.66)	24%
611 - Purchased Services	$3,458,839.00	$4,503,032.00	$1,382,384.02	31%
621 - Water	$5,327,008.00	$6,964,912.00	$3,204,148.84	46%
631 - Chemicals	$3,490,885.00	$2,841,522.00	$943,560.80	33%
641 - Utilities	$1,664,556.00	$1,829,570.00	$1,079,112.23	59%
643 - Communications	$227,508.00	$175,014.00	$76,294.45	44%
651 - Cleaning Services	$64,196.00	$48,835.00	$23,633.53	48%
652 - Repairs and Maintenance	$2,955,100.00	$2,551,870.00	$641,741.52	25%
653 - Rental Services	$113,200.00	$108,650.00	$44,085.99	41%
661 - General Office Services/ Supplies	$904,375.00	$617,065.00	$176,658.56	29%
662 - Organizational Membership/ Participation	$452,323.00	$520,283.00	$322,344.28	62%
665 - Other Services/ Supplies	$726,440.00	$780,206.00	$145,901.94	19%
667 - Training and Travel	$424,296.00	$394,220.00	$62,242.00	16%
669 - Special Departmental Expense	$826,500.00	$794,772.00	$187,158.54	24%
671 - Equipment, Furniture and Vehicles	$37,000.00	$32,499.00	$10,498.81	32%
691 - Transfers	$0.00	$8,500,000.00	$4,250,000.00	50%
Expenditure Totals	$32,204,500.00	$42,779,364.00	$18,808,070.42	44%
FUND Total: Water Enterprise Operations	$5,100,955.00	($4,894,619.00)	$2,874,391.27	

	FY 12/13 Budget	FY 13/14 Budget	Amount	% Used/Rec
FUND: 110 State Water Facilities				
Revenue				
411 - Water Sales & Service	$1,314,313.00	$1,299,710.00	$0.00	0%
421 - Property Taxes	$10,150,000.00	$11,247,000.00	$5,566,004.13	49%
452 - Aid from Governmental Agencies - State	$45,000.00	$45,000.00	$0.00	0%
453 - Aid from Governmental Agencies - Local	$505.00	$611.00	$620.58	102%
461 - Investment Earnings	$25,750.00	$16,522.00	$1,218.07	7%
464 - Fines and Penalties	$0.00	$0.00	$4.65	-
481 - Other Revenue	$1,065,403.00	$1,189,542.00	$775,079.60	65%
499 - Use of Reserves	$0.00	$0.00	$0.00	-
Revenue Totals	$12,600,971.00	$13,798,385.00	$6,342,927.03	46%
Expenditures				
621 - Water	$13,974,125.00	$14,118,181.00	$11,503,734.84	81%
Expenditure Totals	$13,974,125.00	$14,118,181.00	$11,503,734.84	81%
FUND Total: State Water Facilities	($1,373,154.00)	($319,796.00)	($5,160,807.81)	

ZONE 7 WATER AGENCY

Annual Budget by Account Classification Report

Budget Summary

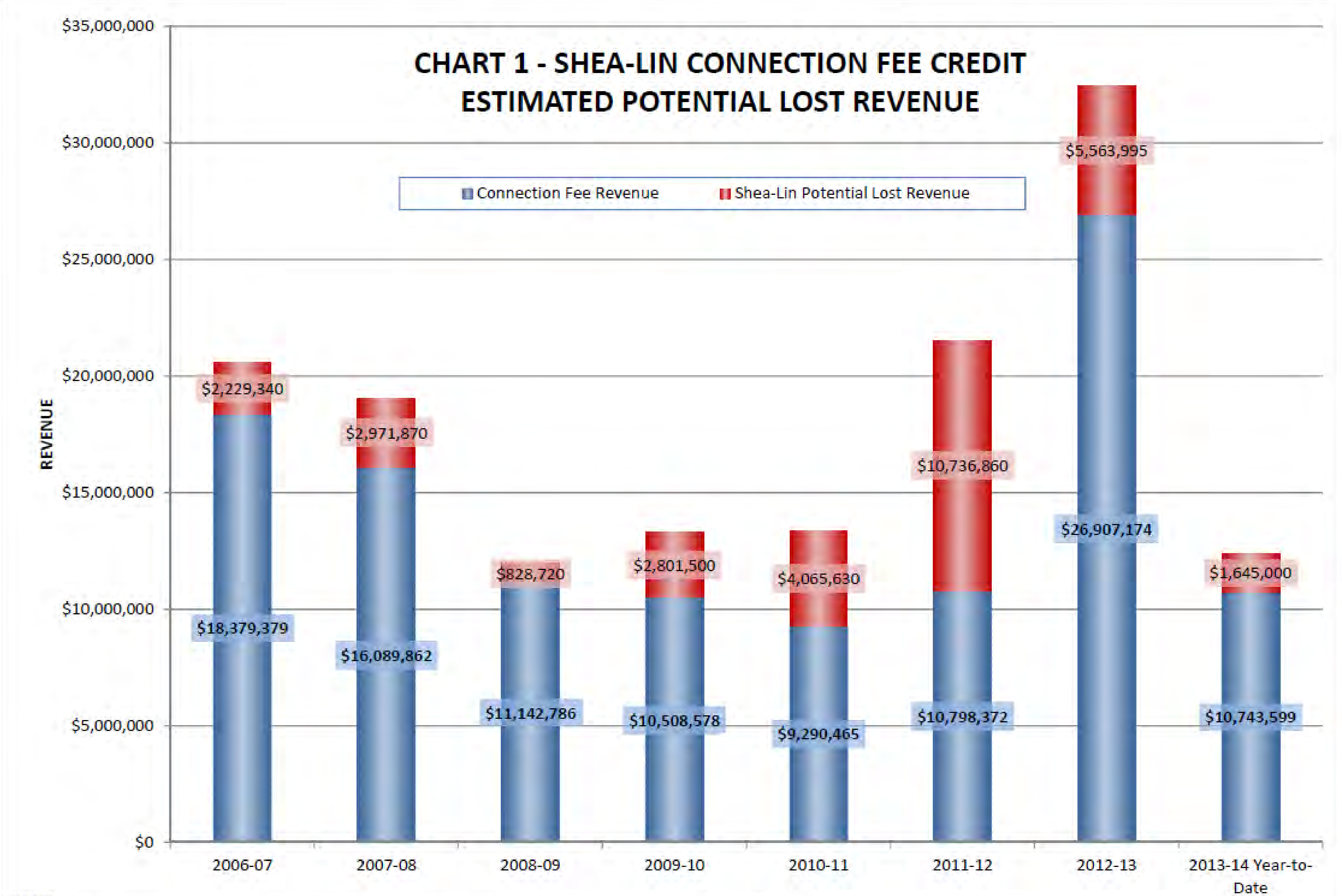
	FY 12/13 Budget	FY 13/14 Budget	Amount	% Used/Rec
FUND: 120 Water Enterprise Capital IR&R				
Revenue				
431 - Development Fees	$26,550.00	$250,000.00	$225,420.00	90%
441 - Charges for Services	$0.00	$7,500.00	$450.00	6%
461 - Investment Earnings	$141,703.00	$74,462.00	$7,433.36	10%
499 - Transfers and Use of Reserves	$6,600,000.00	$8,500,000.00	$4,250,000.00	50%
Revenue Totals	$6,768,253.00	$8,831,962.00	$4,483,303.36	51%
Expenditures				
600 - Labor & Overhead Distributed[1]	$0.00	$0.00	$615,738.32	-
611 - Purchased Services	$0.00	$192,728.00	$186,708.34	97%
643 - Communications	$0.00	$0.00	$41.72	-
653 - Rental Services	$0.00	$0.00	$311,746.64	-
661 - General Office Services/ Supplies	$0.00	$0.00	$4,691.13	-
665 - Other Services/ Supplies	$0.00	$0.00	$2,233.31	-
667 - Training and Travel	$0.00	$0.00	$34.54	
669 - Special Departmental Expense[3]	$12,023,062.00	$24,932,261.00	$0.00	0%
671 - Equipment, Furniture and Vehicles	$0.00	$76,281.00	$67,076.59	88%
672 - Land and Facility Improvements	$0.00	$97,149.00	$6,492,809.95	6683%
Expenditure Totals	$12,023,062.00	$25,298,419.00	$7,681,080.54	30%
FUND Total: Water Enterprise Capital IR&R	($5,254,809.00)	($16,466,457.00)	($3,197,777.18)	
FUND: 130 Water Enterprise Cap Expansion				
Revenue				
431 - Development Fees	$12,382,587.00	$18,400,000.00	$10,743,034.86	58%
441 - Charges for Services	$0.00	$0.00	$0.00	#DIV/0!
461 - Investment Earnings	$89,885.00	$166,565.00	$18,331.40	11%
481 - Other Revenue	$2,539,000.00	$2,381,600.00	$1,153,222.40	48%
499 - Use of Reserves	$0.00	$0.00	$0.00	-
Revenue Totals	$15,011,472.00	$20,948,165.00	$11,914,588.66	57%
Expenditures				
600 - Labor & Overhead Distributed[1]	$0.00	$0.00	$185,084.97	-
611 - Purchased Services	$0.00	$202,751.00	$38,714.39	19%
621 - Water	$0.00	$18,654,187.00	$11,187,705.75	60%
653 - Rental Services	$0.00	$0.00	$242,264.19	-
661 - General Office Services/ Supplies	$0.00	$0.00	$0.00	-
662 - Organizational Membership/ Participation	$0.00	$0.00	$16,929.00	-
665 - Other Services/ Supplies	$0.00	$0.00	$342.70	-
667 - Training and Travel	$0.00	$0.00	$14.80	-
669 - Special Departmental Expense[3]	$22,455,379.00	$6,969,499.00	$17,733.77	0%
671 - Equipment, Furniture and Vehicles	$0.00	$6,377.00	$14,538.19	228%
672 - Land and Facility Improvements	$0.00	$56,804.00	$428,680.12	755%
675 - Debt Service	$0.00	$250,000.00	$63,833.47	26%
Expenditure Totals	$22,455,379.00	$26,139,618.00	$12,195,841.35	47%
FUND Total: Water Enterprise Cap Expansion	($7,443,907.00)	($5,191,453.00)	($281,252.69)	

ZONE 7 WATER AGENCY
Annual Budget by Account Classification Report
Budget Summary

	FY 12/13 Budget	FY 13/14 Budget	Amount	% Used/Rec
FUND: 200 Flood Protection Operations				
Revenue				
421 - Property Taxes	$5,873,310.00	$5,979,557.00	$3,213,571.49	54%
441 - Charges for Services	$3,000.00	$3,000.00	$8,908.90	297%
452 - Aid from Governmental Agencies - State	$54,000.00	$54,000.00	$0.00	0%
453 - Aid from Governmental Agencies - Local	$690.00	$690.00	$697.88	101%
461 - Investment Earnings	$112,619.00	$110,600.00	$7,128.79	6%
462 - Rents and Royalties	$17,500.00	$17,500.00	$18,124.69	104%
464 - Fines and Penalties	$0.00	$0.00	$4.03	-
481 - Other Revenue	$35,000.00	$35,000.00	$139,440.00	398%
499 - Use of Reserves	$0.00	$0.00	$17,150.00	-
Revenue Totals	$6,096,119.00	$6,200,347.00	$3,405,025.78	55%
Expenditures				
600 - Labor & Overhead Distributed[1]	$1,218,073.00	$2,100,065.00	$922,804.75	44%
611 - Purchased Services	$1,396,975.00	$2,720,461.00	$230,049.18	8%
643 - Communications	$3,000.00	$2,239.00	$742.44	33%
651 - Cleaning Services	$6,000.00	$10,000.00	$2,390.47	24%
652 - Repairs and Maintenance	$2,795,000.00	$5,291,743.00	$920,451.59	17%
653 - Rental Services	$25,000.00	$145,500.00	$85,453.95	59%
661 - General Office Services/ Supplies	$64,100.00	$19,550.00	$5,641.07	29%
662 - Organizational Membership/ Participation	$77,000.00	$141,084.00	$13,962.50	10%
665 - Other Services/ Supplies	$22,000.00	$28,400.00	$7,826.68	28%
667 - Training and Travel	$18,500.00	$30,900.00	$2,355.80	8%
669 - Special Departmental Expense	$25,000.00	$13,333.00	$6,666.66	50%
671 - Equipment, Furniture and Vehicles	$3,500.00	$0.00	$0.00	-
672 - Land and Facility Improvements	$0.00	$15,444,833.00	$10,801,747.92	70%
Expenditure Totals	$5,654,148.00	$25,948,108.00	$13,000,093.01	50%
FUND Total: Flood Protection Operations	$441,971.00	($19,747,761.00)	($9,595,067.23)	
FUND: 210 Flood Protection/Drainage DIF				
Revenue				
431 - Development Fees	$1,872,436.00	$2,500,000.00	$1,636,623.95	65%
461 - Investment Earnings	$154,894.00	$132,000.00	$12,121.36	9%
481 - Other Revenue	$0.00	$0.00	$28,560.00	-
499 - Use of Reserves	$0.00	$0.00	$0.00	-
Revenue Totals	$2,027,330.00	$2,632,000.00	$1,677,305.31	64%
Expenditures				
600 - Labor & Overhead Distributed[1]	$0.00	$0.00	$188,164.62	-
611 - Purchased Services	$0.00	$184,493.00	$47,042.56	25%
643 - Communications	$0.00	$0.00	$3.40	#DIV/0!
653 - Rental Services	$0.00	$0.00	$69,218.31	-
669 - Special Departmental Expense[3]	$3,347,956.00	$6,522,656.00	$0.00	0%
672 - Land and Facility Improvements	$0.00	$733,166.00	$3,107,624.98	424%
Expenditure Totals	$3,347,956.00	$7,440,315.00	$3,412,652.39	46%
FUND Total: Flood Protection/Drainage DIF	($1,320,626.00)	($4,808,315.00)	($1,735,347.08)	
Revenue Grand Totals:	$79,809,600.00	$90,295,604.00	$49,505,611.83	55%
Expenditure Grand Totals:	$89,659,170.00	$141,724,005.00	$66,601,472.55	47%
Net Grand Totals:	($9,849,570.00)	($51,428,401.00)	($17,095,860.72)	

Notes:

1. Agency-wide salaries, wages, overtime and benefits are budgeted in Fund 100, then distributed to other funds based on assignments and work demands.
2. This is a credit to Fund 100 for salaries, wages, overtime and benefits charged to other funds.
3. Capital project expenses are budgeted in just a few accounts. Actual project expenses are reported in the appropriate expense account, as spent.



NOTES:
Shea-Lin Credit Data as of 01-31-2014, 1435 Redeemed & 600 Remaining.
Revenue as of 12-31-13 for DSRSD & Pleasanton, 11/30/13 for Livermore
Initial Payment of $10,000,000 for Credits is Not Reflected in This Graph

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Engineering
CONTACT: Kurt Arends

AGENDA DATE: February 19, 2014

ITEM NO. **14e**

SUBJECT: Drought Update

SUMMARY:

- There has been only a slight improvement in the weather since the January 29th meeting – not enough to change any projections that were made at that time.
- DWR has begun filling Lake Del Valle so there is more water stored in the Valley should the south delta pumps be shut down later this year, however water quality is already declining and this pumped water has a relatively high salt content.
- The three projects approved by the board on January 29th are moving forward.
  - The connection between Cope Lake and Lake I will most likely break ground first as it is wholly on land owned by Zone 7.
  - Chain of Lakes Well No. 5 is also moving forward with preliminary work scheduled to take place on property owned by Zone 7.
  - The Busch Valley Well No. 1 project will require hazardous material permitting and approvals. This process is just beginning.
- Other projects, such as a potential package plant for surface water treatment at Cope Lake are under investigation.
- From an operational standpoint, staff are maximizing groundwater recharge, reviewing water quality and minimum water supply needs, and have turned off the Mocho Groundwater Demineralization Plant to avoid discharge of the concentrate (waste stream is approximately 15% of the groundwater pumped).

BACKGROUND:

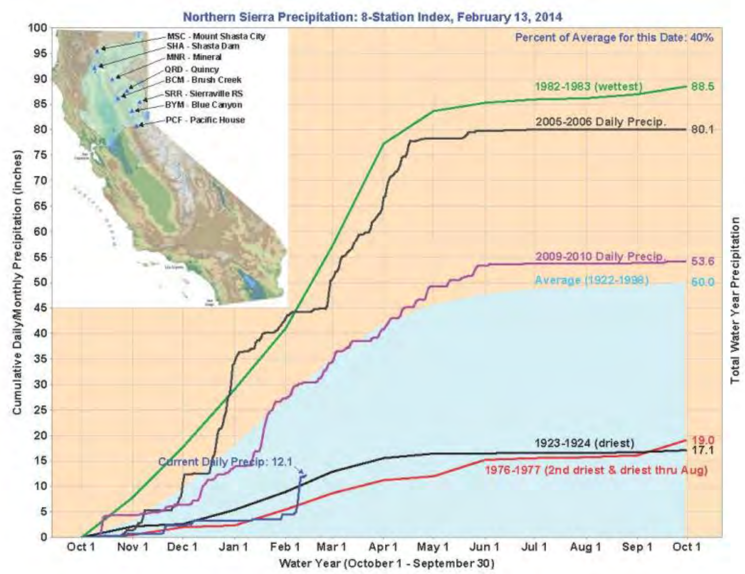
Calendar Year 2013 was the driest year in recorded state history. 2013 also set a new record as the driest year measured in the Livermore-Amador Valley, with total precipitation of only 4.5 inches out of the average yearly rainfall of 14.47-inches (only 31% of average at Livermore Station 15e). At the beginning of 2014, the snowpack's statewide water content was estimated at about 20% of average for this time of year and January set a record for being the dryest January in recorded history for the State and Bay Area.

On January 17, 2014, Governor Jerry Brown declared a State of Emergency in California due to the current drought conditions and asked all citizens to cut back water use by 20%. On January 29, 2014 at a Special Meeting of the Zone 7 Board, a Drought Emergency was declared and a Drought Emergency Response Plan was accepted. In addition, on January 31, 2014, the

California Department of Water Resources (DWR) announced they were reducing State Water Project allocations from 5% to zero for the first time in history.

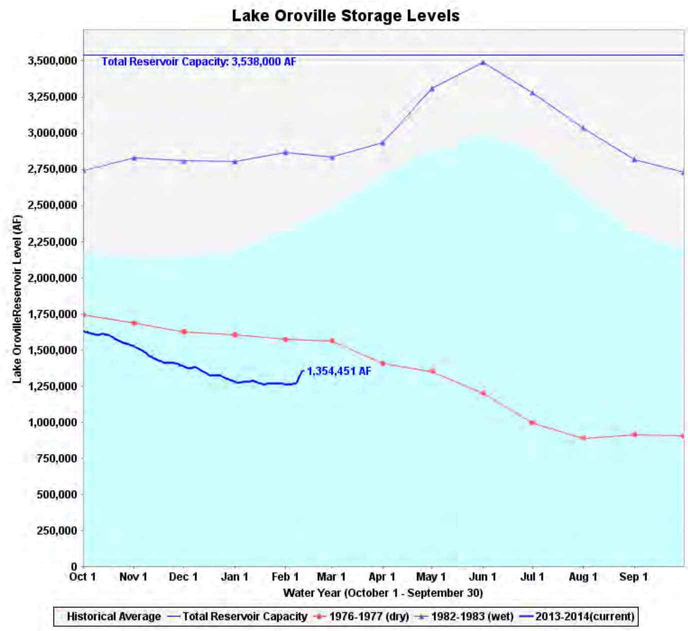
DISCUSSION:
On January 29, 2014 the General Manager was authorized and directed to establish an appropriate level of conservation for the Livermore-Amador Valley, consistent with the governor's proclamation of a drought emergency (20% or greater). The initial conservation level is set at 20% and will be adjusted as more is known.

On January 30th, the California Department of Water Resources (DWR) announced a reduction in the State Water Project (SWP) allocation from 5% down to zero.



Northern Sierra hydrology and snow pack remains well below average currently at 12.1 inches compared to an average of 27 inches for this time of year, as of February 13 (see graph; or for updates see http://cdec.water.ca.gov/cgi-progs/products/PLOT_ESI.pdf). This is critical because the Northern Sierra precipitation determines DWR's ability to refill Lake Oroville, which is the primary source of water for Zone 7 (water is released from Lake Oroville into the Feather and then the Sacramento River and from there it is conveyed through the Delta by a series of levees that direct the Oroville releases to the South Delta pumps which bring water to the Livermore-Valley and to other State Water Contractors).

Storage in Lake Oroville also remains well below average and also below the driest year of record (see Oroville graph, also below); this can be tracked on the DWR data website at http://cdec.water.ca.gov/cdecapp/resapp/resDetailOrig.action?resid=ORO.



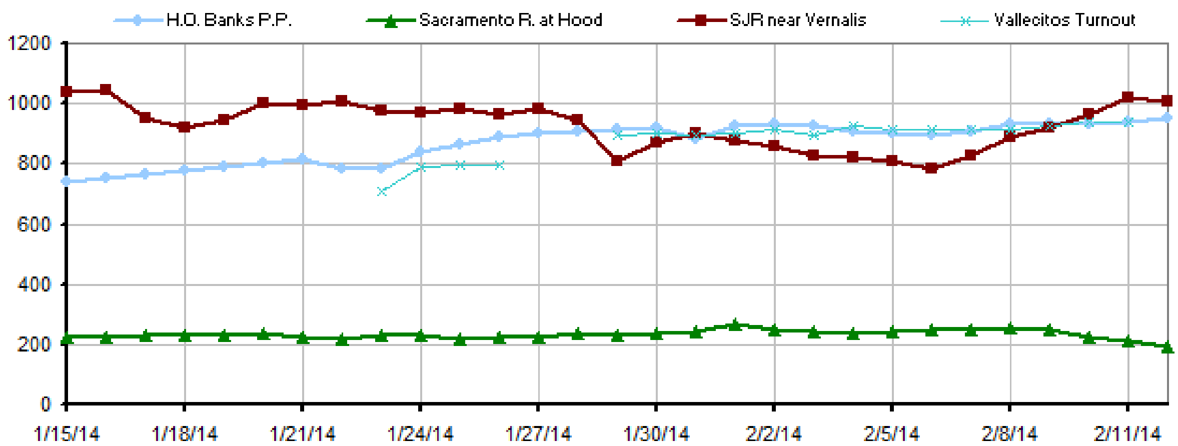
The low levels in Oroville and the minuscule snowpack throughout the portion of the Sierras that serves as the Delta's watershed could result in severe water quality impairment in the Delta. DWR is concerned that it may not be able to move water through the Delta this summer and fall as the water would become salty. This condition would be somewhat mitigated should an alternative conveyance system, such as the tunnels described in the BDCP, already be in place.

The local hydrology also remains dry, measuring approximately 19% of the average water year as of the end of January 2014. This will impact the amount of local water that can be captured this year under the Arroyo Valle Water Rights permit. Note that DWR has been pumping SWP water into Lake Del Valle and the lake is currently at 31,557 acre feet (AF) and filling at a rate of about 90 cubic feet a second (cfs) or about 178 AF/day (58 million gallons per day).

With the recent wet weather at the beginning of February (or, possibly because of the call for conservation), customer demands have shown a slight decrease compared to demands for this time of year last year.

Both the Dal Valle Water Treatment Plant and the Patterson Pass Conventional Treatment Plant are in operation with a combined capacity of approximately 30 million gallons per day (MGD) which is allowing us to maximize the delivery of surface water and conserve the groundwater basin for use during the summer to help meet peak demands.

Water Quality in the South Delta has higher total dissolved solids (TDS) than usual for this time of year, when winter rains would normally be providing relatively low TDS water. The poor water quality impacts not only treatment at the plants (with higher bromides potentially creating different disinfection byproducts) but also the salt balance and quality of recharge water. DWR monitors electrical conductivity as a surrogate for TDS (TDS is approximately equal to 0.58 times EC), which is posted as part of DWR's "Real Time Data and Forecasting" effort on the DWR website at http://www.water.ca.gov/waterquality/drinkingwater/rtdf_rprt.cfm:



The capital projects approved at the January 29th Board meeting are moving forward on accelerated schedules to improve reliability and assist in minimizing supply shortages during the coming year. The final scoping and negotiations are taking place with the selected firms and additional contracts and resources are being identified. A second contract for the new Busch-Valley Well #1 will be considered soon to hire a drilling contractor to drill an approximate 600-foot deep borehole, conduct various geophysical logs, install well casing and screen, develop the well production zones, and perform pump testing to verify the production capacity of the well. A General Manager's Contract for program direction services to keep these projects on time and within budget is in process.

Staff met with the Livermore Valley Growers Association on February 10 to discuss the valley's drought emergency. Staff are also planning to invite all the untreated water customers to an information meeting near the end of the month. Zone 7's responsibilities to its untreated customers are covered in the Rules and Regulations Governing Untreated Water Service, section 2.4 (attached), however staff are working closely with area growers to determine if there are options or alternatives available to assist should the worst case scenario occur.

RECOMMENDATION:

No action - for board information only.

Attachment: UT Rules & Regulations

RULES AND REGULATIONS
GOVERNING
UNTREATED WATER SERVICE
BY THE ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT, ZONE 7
(Adopted Nov. 16, 2011)

TABLE OF CONTENTS

SECTION 6: ENFORCEMENT OF RULES & REGULATIONS

General

Failure to Comply with Rules & Regulations

Hearing and Appeal

Attorney Fees and Costs

SECTION 1: DEFINITIONS

"Allocation Amount" means each Water User's share of Zone 7 Water, as delineated in Exhibit A, and as updated by the General Manager or designee from time to time to reflect changes. Allocation of untreated water is available only through transfer from another Water User's allocation as shown on Exhibit A.

"Application" means formal request submitted on a form to acquire an allocation of Zone 7 water. The purpose of an Application is typically, but not limited to, allocation transfers or change of ownership. Application forms are available from Zone 7.

"Board" means the Board of Directors of the Alameda County Flood Control and Water Conservation District, Zone 7.

"Conduits" means canals, laterals, ditches, drains, flumes, pipes, measurement, and control devices, and all related operational facilities.

"DWR" means the State of California Department of Water Resources.

"General Manager" means the General Manager of Zone 7 or any person designated by the General Manager to perform the acts or to make the determinations permitted or required under these Rules and Regulations to be made by the General Manager.

"Improvement District" means an improvement district formed under the California Water Code.

"Improvement District Facilities" include conduits, pumps, wells, structures, and other facilities owned by an Improvement District.

"Landowner" means holder of title or evidence of title to land.

"Measuring Device" means the device used for measuring water, a meter, weir, flume, meter gate, or other standard device.

"Person" means any person, firm, association, organization, partnership, business trust, corporation, or company.

"Point-of-Delivery" means the point at which water moves from DWR/Zone 7 control to private control. This point is typically located past the DWR meter.

"Premises" means the integral property or area, including improvements thereon, to which Zone 7 water service is or is to be provided.

"Private" means any interest belonging to, restricted to, or intended for an individual or group of individuals' benefit.

"Remote Water User" means Water User receiving untreated water service indirectly from Zone 7 by connecting to a Turnout Water User's system.

"Rules and Regulations" means the Rules and Regulations Governing Untreated Water Service, as adopted by the Alameda County Flood Control and Water Conservation District, Zone 7 Board of Directors on **November 16, 2011**, and as subsequently amended from time to time.

"Service Area" means all lands within Zone 7's boundary as it may change from time to time.

"State Contract" means the contract between the DWR and Zone 7 dated November 20, 1961, and any amendments thereto.

"Temporary Untreated Water Rate" means the price per acre-foot charged for temporary water use as established by the Zone 7 Board of Directors. A request for temporary water use is limited to a maximum of six month period and as approved by the General Manager.

"Turnout" means the turnout meter, meter vault and all required appurtenances to deliver or divert Zone 7 Water from the South Bay Aqueduct into facilities owned or controlled by other than Zone 7.

"Turnout Water User" means Water User connected directly to Zone 7 Facilities and/or DWR Water Facilities.

"Untreated Water Rate" means the price per acre-foot of water charged to Turnout Water Users as established by the Zone 7 Board of Directors.

"Water User" means those receiving untreated water from Zone 7 under the Rules and Regulations herein defined. A Water User may be a Turnout Water User or a Remote Water User.

“Zone 7” means the Alameda County Flood Control and Water Conservation District, Zone 7.

"Zone 7 Facilities" includes structures, conduits, pumps, and all other facilities of Zone 7 as identified by records, but do not include Improvement District Facilities.

“Zone 7 Water” means the untreated water allocated to Zone 7 by the DWR, which Zone 7 has the right to store, divert, deliver and/or sell for use.

SECTION 2: FACILITIES

Control & Operation of Facilities

2.1. All Zone 7 Facilities and DWR Facilities are under the exclusive control, direction, and management of authorized Zone 7 personnel and DWR personnel, respectively. At no time shall any unauthorized person, private or public, interfere with, regulate, or control any Zone 7 or DWR Facility.

2.2. Zone 7 shall not be responsible for the conveyance of water among or between any recipient or user thereof from Private facilities, nor shall Zone 7 be liable for water after it leaves the points of delivery to facilities owned by others. Zone 7's liability for water shall cease when the water is diverted into any Private or Improvement District Facility.

2.3. Zone 7 shall not be liable for any nuisance or neglect, wasteful or other use, or handling of water by any recipient or user thereof past the Point-of-Delivery.

2.4. Zone 7 is not a guarantor of service and shall not be liable for any damage any person may suffer as a result of insufficient water, interruptions of service, water fluctuations, quality of water, untimely delivery of water or water not delivered.

2.5. Zone 7 shall not be responsible for operating, maintaining or replacing water distribution facilities not owned by Zone 7. The installation and maintenance of a Zone 7 or DWR owned measuring device on private property or within a portion of a water distribution system not owned by Zone 7 shall not create any obligation on the part of Zone 7 for operation, maintenance, or replacement of any segments of the water distribution system owned by others such as those owned and/or managed by Turnout Water Users.

Turnouts

2.6. Water User shall take water deliveries through existing Turnout Facilities or facilities designed and/or constructed by Zone 7, at its option, in accordance with the delivery capacities requested by Water User.

2.7 A Water User may, upon approval by Zone 7, design and/or construct such facilities, such design and/or construction subject to review and inspection approval by Zone 7 and, if applicable, the DWR. Turnout Water User agrees to pay for all costs incurred by Zone 7 related to the Turnout Facilities including but not limited to construction, design engineering or design review, superintendence, right-of-way and acquisition thereof, inspection, administration and associated overhead costs. Any Turnouts constructed by the Turnout Water User shall thereafter be the property of DWR and/or Zone 7 at the option of DWR and/or Zone 7. Turnout facilities located within DWR, Zone 7 or public right-of-way or facilities indicating DWR or Zone 7 ownership on as-built drawings shall be the only facilities owned by DWR or Zone 7. Facilities on private property shall remain privately owned. The assumption of ownership shall be in writing.

2.8. Turnout facilities shall include the necessary valves, piping, meter and recording equipment, backflow prevention devices, vaults, telemetry equipment and any other appurtenances necessary to meet the standard of DWR and Zone 7. Water User agrees that said Turnout Facilities constructed hereunder shall become and remain the property of Zone 7 and/or DWR. Typically, DWR or Zone 7 ownership includes meter, meter vault, and all appurtenances in the meter vault and upstream of the meter vault. Turnout Water User further agrees to grant Zone 7 and/or DWR the necessary permanent rights-of-way and right of ingress thereto and egress therefrom on and across the lands of Turnout Water User, as determined by Zone 7 and/or DWR, for the purposes of constructing, operating and maintaining said Turnout Facilities. All turnouts from Zone 7 Facilities shall be gated or shall have another positive shutoff system easily accessible to Zone 7 staff within Zone 7 rights-of-way.

2.9. Prior to commencing with the final design of said Turnout Facilities, Turnout Water User shall deposit with Zone 7 an amount of money estimated by Zone 7 to cover all costs to be incurred by Zone 7 for completion of said Turnout Facilities. The failure to make a timely deposit shall result in the immediate revocation of permission to construct said Turnout Facilities. Following completion of the construction of said Turnout Facilities, Zone 7 shall submit a statement of billing to Turnout Water User for the actual costs incurred for completion of said Turnout Facilities. Said deposit will be applied to the actual costs incurred by Zone 7 and the appropriate refund or additional billing to Turnout Water User will be made. Turnout Water User agrees to make payment of any such additional billing to Zone 7 within thirty (30) days of submission of said statement. Zone 7 may suspend water deliveries until such payment is made. Turnout Water User, or its representatives, shall have the right, at his or her sole cost, to audit the records of Zone 7 for the purpose of determining the actual costs in order to protect its interests.

2.10. The General Manager has the authority to lock or secure any and all Turnouts from Zone 7 Facilities at any time for violations of the Rules and Regulations. Verbal communication followed by written notification will be provided to the owner of the locked or secured Turnout by the General Manager. The notification shall provide the background and justification for locking or securing the affected Turnout. The notification shall also outline procedures or conditions that the owner shall complete in order for Zone 7 to remove the lock or security device.

Access by Zone 7

2.11. Upon request and within 72 hours of receipt of request, Zone 7 and its officers, agents, and employees shall be granted access to and across Premises served with Zone 7 Water for any purpose connected with the use and the distribution of Zone 7 Water. Where request for access is denied or not acknowledged by the Landowner or Landowner representative, water delivery may be suspended until the request for access has been granted.

Encroachments

2.12. No trees, buildings, bridges, structures (except for vines, shrubs, corrals, or fences that can readily be removed) or any other type of encroachment shall be planted or placed in, on, over, or across any Zone 7 Facility; or the right-of-way therefor except pursuant to specific written authority of the General Manager. Any such encroachment of an unusual or extraordinary nature shall be approved by the General Manager.

2.13. Any encroachment, authorized or otherwise, in, on, over, under, along, or across any Zone 7 Facility or right-of-way that interferes with the operation or maintenance of said facility may be removed by Zone 7, at the sole expense of the encroacher or adjacent Landowner. Authorization for an encroachment will end if and when said encroachment is determined to be in interference with Zone 7 operations.

SECTION 3: DUTIES OF WATER USERS

Responsibilities

3.1. Water Users shall maintain Private facilities in a manner that is conducive to the reasonable and beneficial use of supplied water. The Water User is responsible for ensuring that all Private facilities are in an acceptable working condition.

3.2. Water Users shall be responsible for the control and distribution of water to their lands at all times after the water is diverted from a Zone 7 Facility. As determined by Zone 7, where control is not appropriately exercised by the Water User, Zone 7 may require that such Water User be present at all times during the use of Zone 7 Water.

3.3. Water Users shall be responsible for closing privately owned valves when they have finished using Zone 7 Water.

3.4. Water Users are responsible for communication with the General Manager or designee concerning any planned or unplanned changes that may occur during the use of Zone 7 Water.

3.5. Water Users are responsible for providing Zone 7 with the most current and accurate contact information including email where available.

3.6. Turnout Water Users shall report to Zone 7 monthly water use amounts, including their own, for each Remote Water User served through the Turnout Water User's facilities on a quarterly basis at the end of April, July, October and December.

3.7 Remote Water Users shall be responsible for making arrangements for conveyance of water from the South Bay Aqueduct Turnout (Turnout) to their lands. The Formal Agreement between a Remote Water User and a Turnout Water User shall reflect and support the implementation of these Rules and Regulations.

Use and Transfer of Water

3.8. All Zone 7 Water must be applied efficiently and used reasonably and beneficially pursuant to any existing or future legislation or judicial determination.

3.9. Any Water User who wastes water on roads, vacant land, or adequately irrigated lands, either willfully, carelessly, or on account of defective or inadequate conduits or facilities, or inadequately prepared land, or who floods a portion of the land to an unreasonable depth or amount in order to irrigate other portions, or floods across one parcel to irrigate another parcel, may be refused Zone 7 Water until such conditions are remedied.

3.10. A Water User's right to Zone 7 Water pursuant to these rules is not a property interest. Such use is limited to the use of such water on the parcel or parcels of land described in the Application, unless transfer of such right has been requested in writing by Water User and approved in writing by the General Manager.

3.11. Zone 7 will not automatically transfer water from one Water User to another resulting from a change in ownership or lease of land. However, a Water User(s) may transfer some or all of his or her Allocation Amount to another willing Water User within the Service Area upon request submitted on a form provided by Zone 7 and approved in writing by the General Manager.

3.12. Water shall not be used on lands outside of the Service Area except where agreed upon through a written agreement between the Water User and Zone 7.

Charges

3.13. On each calendar month, Zone 7 shall send an invoice to the Turnout Water User for charges comprising the amount of water delivered as determined by

Zone 7 multiplied by the Untreated Water Rate as established by the Board, and related fees. All water charges and related fees shall be due and payable upon receipt of the invoice.

3.14. Unpaid invoices become delinquent 30 days after the date of the invoice. All delinquent payments and penalties shall bear interest charges at the rate of 12% per year.

3.15. The Turnout Water User shall be responsible for all charges for the total water delivered to their system, including water delivered for his or her own use and water delivered for Remote Water Users. Zone 7 shall not invoice Remote Water Users for any Zone 7 Water, which will be done by the delivering Turnout Water User per agreements between Turnout Water Users and Remote Water Users.

3.16. In the event that a Turnout Water User is delinquent in the payment for more than 90 days, Zone 7 reserves the right to enforce payment of delinquent water charges and penalties through any and all of the following methods: (a) refuse or discontinue water service; (b) require full payment in advance of the estimated annual charges for future service; and (c) take action to collect the unpaid charges and penalties. The Turnout Water User shall reimburse Zone 7 for any expenses incurred, including attorney fees, in collecting amounts due to Zone 7. Zone 7 shall not be responsible for any indirect impacts such actions may have on Remote Water Users.

3.17. Zone 7 reserves the right to assess an over-use penalty to Water Users who exceed their Allocation Amount by more than 10% in two (2) consecutive years. Said penalty will be determined as volume used over the Allocation Amount multiplied by the difference between the Temporary Untreated water rate and Untreated Water rate as set by the Board. Continued exceedence of a Water User's Allocation Amount may result in additional penalties, including but not limited to suspension of water service.

SECTION 4: DISTRIBUTION OF WATER

Allocations & Entitlements

4.1. Zone 7 shall exercise reasonable diligence to furnish a continuous and adequate supply of water to its Water Users and avoid any shortage or interruption of delivery thereof. However, Zone 7 does not control the operation of the South Bay Aqueduct and cannot guarantee a full supply completely exempt from interruption(s). When, for any reason, Zone 7 is unable to deliver the full supply of water required by the Water User, such supply as can be delivered shall be prorated utilizing Exhibit-A until such time as delivery of a full supply can be restored.

4.2. The General Manager shall determine and has the authority to apportion water to Water Users according to the allocation in Exhibit-A during water shortages.

4.3. Zone 7 does not guarantee that delivered water will be of any specified condition or quality. Such water shall be without treatment of any kind.

Application & Scheduling

4.4. At the time of submitting an Application, and prior to August 1 of each year thereafter, the Water Users shall submit to Zone 7 a preliminary delivery schedule on a form provided by Zone 7 indicating the quantity of water required from Zone 7 during each month of the succeeding five (5) calendar years. The annual amount requested for any calendar year shall not exceed the Allocation Amount. Zone 7 will review said delivery schedule and make such modifications as may be necessary to enable Zone 7 to make deliveries consistent with all water service obligations of Zone 7 and will thus determine an approved delivery schedule for the applicant for each month of the succeeding calendar year. Zone 7 reserves the right to request delivery schedules at intervals other than annual.

4.5. Unless formally advised by Water User to the contrary, it shall be assumed that Water User will use the most current year's delivery amount each year. Zone 7 shall make every effort to provide said amount of water on a demand basis as requested by Water User but does not assume any obligation if it is unable to do so. Zone 7's delivery capability is limited in the month or months of maximum demand by the capacity of the Zone 7 Facilities and such limitations shall be considered in meeting Water User's request.

Measurement

4.6. A DWR measuring device shall measure the amount of Zone 7 Water delivered to Turnout Water Users at the Point-of-Delivery.

Refusal of Service

4.7. In the event that the Water User fails to take delivery of any portion of the quantities of water set forth in the approved delivery schedule, then the Water User shall pay all costs incurred by Zone 7, if any, as a result of such failure to take delivery, provided that Zone 7 shall make reasonable efforts to make beneficial use of such undelivered water to minimize the cost to the Water User.

Unauthorized Use of Water

4.8. Any person who uses Zone 7 Water without Zone 7's express written permission may become subject to criminal prosecution and/or civil liability under Penal Code Sections 498 and 592.

4.9. Use of Zone 7 Water without Zone 7's express written permission may result in forfeiture of the Landowner's and/or Water User's right to receive water.

SECTION 5: LIABILITY

Zone 7 Liability

5.1. Zone 7 shall not be liable for any damage resulting directly or indirectly from any negligent, wasteful, careless, or other use of handling of Zone 7 Water by Water Users.

5.2. Nothing in these rules shall be construed as an assumption of liability on the part of Zone 7, its Directors, officers, or employees for any damage occasioned by the use of Zone 7 Water or for failure to enforce any of the provisions of these rules.

5.3. All Water Users shall hold Zone 7 and its officers and employees free and harmless from liabilities and damages that may occur as a result of water quality, shortages and interruptions in service.

5.4. Zone 7 sells water as a commodity only and not as a guaranteed service and shall not be liable for defective quality of water, shortage of water, either temporary or permanent, or for failure to deliver water or delay in doing so.

5.5. Pumping by consumers of Zone 7 Water is done at the consumer's risk and Zone 7 assumes no liability for damage to pumping equipment or other damage as a result of corrosion, turbulent flow or shortage or excess of water or other causes.

5.6. Zone 7 assumes no liability for damages to persons or property occasioned through defective works. Zone 7 Water shall not be used for potable purposes. Zone 7 Water is not intended to provide protection from fires or other threats.

Water User Liability

5.7. Each Water User shall be responsible to Zone 7 and to third parties for all damage caused by his or her neglect or malicious or careless acts.

5.8. It is the duty of each Water User to regulate and control the water delivered to his or her land so as to avoid damage to Zone 7 or third persons. It shall also be incumbent on Water Users to control the actions of individuals taking water from Private Conduits.

5.9. The Water User is responsible and liable for any damage caused by his or her negligence or careless use of water, or the result or failure of the Water User to properly operate or maintain any ditch, pipeline, or other facility for which the Water User is wholly or partially responsible.

5.10. Neither Zone 7 nor any of its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water delivered to

Water User by Zone 7 after such water has passed the Turnout facilities and Water User shall indemnify and hold harmless Zone 7 and its officers, agents and employees from any claim of damages resulting from the provision of water herein.

SECTION 6: ENFORCEMENT OF RULES & REGULATIONS

General

6.1. These Rules and Regulations shall supplant and supersede Zone 7 Board of Directors Resolution No. 159 and any contracts between Zone 7 and others for the provision of untreated water, pursuant to Standard Conditions for Untreated Water Service, Section A.3. All existing contracts for untreated water shall be honored by Zone 7 until their expiration, but shall be subject to these Rules and Regulations and not be renewed. The amount of untreated water allocated to Water Users as shown in Exhibit A and any updates to Exhibit A to reflect approved allocation transfers, shall be honored by Zone 7 through the term of the State Contract.

6.2. All Water Users, by applying for or receiving untreated water service from Zone 7, agree to be bound by and to comply with these Rules and Regulations, as adopted and amended from time to time by the Board.

6.3. All Zone 7 employees are charged with enforcing these Rules and Regulations as established by Zone 7.

6.4. The General Manager shall be primarily responsible for the enforcement of these Rules and Regulations. Failure of a Water User to comply with any of these Rules and Regulations shall be sufficient cause for termination of water service, and water service shall not again be furnished to such Water User until full compliance has been made with all the requirements as herein set forth; provided, however, that the Water User shall in no way be relieved of any responsibility for payment of any charges or obligations by reason of such termination of water service. In no event shall any liability accrue against Zone 7 or any of its officers, agents or employees, for damage, direct or indirect, arising from such termination of water service.

6.5. The terms of these Rules and Regulations are subject to the provisions of the State Contract. All water and water rights belonging to the State through Zone 7 have been dedicated and set apart for the uses and purposes of Zone 7. No purchaser of water from Zone 7 shall acquire any proprietary right therein or any right to resell such water, or to use it on Premises or for a purpose other than stated in the written Application to Zone 7 for untreated water service and as approved by Zone 7.

6.6. No Water User receiving Zone 7 Water acquires a proprietary right thereto by reason of use. No Water User acquires a right to use it for a purpose or on Premises other than specified in the Application and as approved by Zone 7.

Failure to Comply with Rules & Regulations

6.7. Failure or refusal of any Water User to comply with these Rules and Regulations may be sufficient cause for curtailment or termination of delivery of Zone 7 Water.

6.8. Interference by any Water User with a Zone 7 employee, agent or official in the course of their assigned duties may be sufficient cause for curtailment or termination of delivery of Zone 7 Water to any and all lands of such Water User.

6.9. Zone 7 reserves the right to suspend or discontinue the delivery of Zone 7 Water supplied to any parcel of land if the condition of the land or irrigation facility presents an immediate danger to any person, to the general public, or to any property, including, but not limited to, the flooding of property.

6.10. Compliance with each and all of these Rules shall be a condition precedent to the delivery of water to any Water User. The Board of Directors retains the authority to rule in all instances that are not specifically contained in these Rules and Regulations.

Hearing and Appeal

6.11. At least ten (10) business days before termination of water service as provided in these Rules is to be effected, a Water User shall be provided written notice of such termination and advised of the opportunity and procedure to discuss the reason for termination of service with the General Manager, or other employee designated by the General Manager who shall be empowered to review disputed bills, rectify errors, and settle controversies pertaining to termination of service.

6.12. In the event that the Water User disagrees with the decision of the General Manager or the General Manager's designee in administering the Rules and Regulations, Water User shall then have the right to appeal to the Board. Such appeal must be made within five (5) business days after written notice of the General Manager's or the designee's decision. Appeals must be submitted in writing and shall specifically set forth the decision being appealed and the reasons for the appeal. Appeals received ten business days prior to the next regular meeting of the Board shall be considered at the next regular meeting of the Board, but the Board may, in its discretion, consider an appeal at an earlier or later meeting.

6.13. Termination of water service shall be stayed until the time for filing an appeal with the Board has expired. In the event that such an appeal is filed with the Board, termination of water service shall be stayed until the Board has ruled on the appeal. Water delivery that has been curtailed or suspended shall be restored upon full compliance with these Rules and Regulations.

Attorney Fees and Costs

6.14. In the event litigation results concerning the enforcement of any portion of these Rules and Regulations or the payment of any charges to Zone 7, the prevailing party shall be entitled to recover from the losing party any attorney's fees and other legal costs as part of its costs.

Zone 7 Water Agency
Untreated Water User
Allocation Amounts
(Acre-Feet/Calendar Year)

No.	WATER USER	ALLOCATION AMOUNT
1	ABBOUD	7
2	AGUIRRE	11
3	ALAMEDA CO	10
4	ALTAMONT LANDFILL**	328
5	ARROYO/AERO	82
6	AULT	20
7	BEEBE	20
8	BRYSON	4
9	BURKHART	20
10	CAIRES	5
11	CAROLINE	18
12	CARTER	2
13	CLARK	10
14	COBURN	6
15	CORBETT (Greenville)**	283
16	CORBETT (Hansen Rd)	41
17	DAVEY	7
18	DAVIS	7
19	DETJENS	68
20	FRYDENDAL-MERV	4
21	GALLES	4
22	GREIST	10
23	HARRIS	18
24	HEINEMAN	8
25	HERIGSTAD	1
26	IBSEN	35
27	IRWIN	5
28	ISING**	200
29	JAEGEL	41
30	KALTHOFF	57
31	KIRKEWOOG	2
32	KURTZER	14
33	LARPD	52
34	LIVERMORE	185
35	LUNN	3
36	LYNCH	4
37	MALAKOFF	21

** Denotes a Turnout Water User

No.	WATER USER	ALLOCATION AMOUNT
38	McGRAIL	20
39	MEEKER	10
40	MILLER	6
41	MOLINARO/ARACNE	4
42	MORGAN	25
43	NARDOLILLO	11
44	NISSEN-LAIDLEY	22
45	NORMAN**	90
46	OTT	11
47	PEREIRA	25
48	PERRY	11
49	POPPY RIDGE	800
50	RIOS	31
51	RIOS 2	37
52	RODRIGUE	5
53	RUPPERT	3
54	SCARLET BEAR	131
55	SCARLET BEAR 2	48
56	SCOTT	5
57	SHANNON	6
58	SHEARER	3
59	SIGNATURE - CLAMP	185
60	SIGNATURE - RUBY HILL**	1,418
61	SMITH	3
62	STADLER	13
63	STRATMAN	7
64	TARANTINO	34
65	TAYLOR	25
66	TOY	26
67	VOEGELI	13
68	VOLKMAN	14
69	WENTE @ R. HILL	300
70	WENTE 1&2**	1,572
70.1	WENTE 3&4**	600
70.2	WENTE 5**	685
71	WINE GROUP**	250
72	WISNER	67
	TOTAL	**8,129**

Approved by:

General Manager

11/22/11

Date