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, March 19, 2014**

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

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. Call Meeting to Order
2. Pledge of Allegiance
3. 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.

4. Minutes of the Regular Meeting of February 19, 2014

5. Consent Calendar
   a. Amendment No. 3 to Memorandum of Understanding for the Alameda Creek Workgroup
   b. Award of Contract for PPWTP UF Clarifier Recoating Work
   c. Additional Funding for Construction of Pipeline between Cope Lake and Lake I

6. Staffing Update:

   January Employee of the Month Recognition

7. Contract with Schaaf & Wheeler for Hydrologic/Hydraulic Modeling and Mapping Support

   Recommended Action: Adopt resolution.

8. Award of Contract for the Mocho 3 and Stoneridge Well Repair Project

   Recommended Action: Adopt resolution.

9. Tri-Valley Utilities; Results of Coordination/Integration Study - Draft Report and Near-Term Recommendations

   Recommended Action: Adopt resolution.

10. Consideration of Action to Increase the Compensation of Members of the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District

Recommended Action: Discuss and provide direction.

11. Committees - Utility Coordination Ad Hoc Committee, March 5, 2014 - Preliminary 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. Update Related to the Bay Delta Conservation Plan
    f. Drought Update
    g. Verbal Reports

15. 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): 1 case.

    (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.

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): April 2, 2014
    b) Regular Board Meeting: April 16, 2014, 7:00 p.m.
    c) Zone 7/DSRSD/Livermore/Pleasanton/Cal Water Liaison Committee Meeting: City of Pleasanton, Remillard Conference Room, 3333 Busch Road, Pleasanton, March 26, 2014, 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

February 19, 2014

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
CAROL MAHONEY, MANAGER, INTEGRATED PLANNING
COLLEEN WINEY, ASSISTANT GEOLOGIST, GROUNDWATER
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

The Board went into closed session at 6:30 p.m.

Item 1 - Closed Session

(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.

Item 2 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 7:10 p.m. General Counsel David Aladjem reported that no reportable action was taken in closed session.

Item 3 - Call Meeting to Order

President Stevens called the meeting to order at 7:14 p.m.

Item 4 - Pledge of Allegiance

President Stevens led a salute to the flag.

Item 5 - Citizens Forum - None.

Item 6 - Minutes of the Regular Meeting of January 15, 2014 and the Special Meeting of January 29, 2014

Director Ramirez Holmes moved and Director Palmer seconded the motion to approve the minutes of January 15, 2014. The minutes were approved by a 7-0 voice vote.

Director Ramirez Holmes submitted corrections for the Special Meeting of January 29, 2014, to Board Secretary Judy Rector in advance of the meeting and revised minutes were available to the Board and public.

Director Ramirez Holmes moved and Director Greci seconded the motion to approve the amended minutes of January 29, 2014. The minutes were approved by a 7-0 voice vote.

Item 7 - Consent Calendar

Director Quigley moved for approval of Consent Items 7 (a), 7 (b) and 7 (c) and Director Palmer seconded the motion which was approved by a voice vote of 6-0-1 with Director Figuers absent.

Resolution No. 14-4343	The Board amended the Conflict of Interest Code. (Item 7a)
Resolution No. 14-4344	Authorized the General Manager to negotiate and execute the Rate Agreement for the Astoria II Solar Project and future agreements to continue to receiving PWRPA power. (Item 7b)
Resolution No. 14-4345	Approved one unfunded position of Junior/Assistant Engineer/Geologist, Zone 7. (Item 7c)

Item 8 - Staffing Update:

New Employee Introductions: Ms. Duerig welcomed two new employees to Zone 7. Jerry Harris, Water Resources Technician 1, works in Maintenance. Gene Briones, Water Resources Technician 1, in Facilities Engineering. The Board applauded both new employees.

December Employee of the Month Recognition: Ms. Duerig announced that JaVia Green, Staff Analyst in the Financial & Systems Services section, is the December Employee of the Month. Ms. Green was also the November 2011 Employee of the Month so this is the second time she has been nominated. The Board applauded her in recognition of her value to Zone 7.

Congratulations to Retiree: Ms. Duerig announced that Jack Fong, Associate Civil Engineer, retired on February 1, 2014, after 30 years of service. The Board applauded him in absentia.

Director Quigley moved for approval and Director Palmer seconded the motion commending and thanking Mr. Fong for his public service. The motion was passed with a voice vote of 7-0.

Resolution No. 14-4346 Retirement of Jack Lowe Fong, Associate Civil Engineer. (Item 8)

Item 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

Carol Mahoney, Integrated Planning Manager, gave an overview of the process of the proposed Resolution of Necessity (RON), background information and facts. The project, Chain of Lakes Well No. 5, is owned by Pleasanton Gravel Company, near Zone 7's Chain of Lakes Wells Nos.1 and 2, and the property is currently vacant. The procedure for the public hearing and the Resolution of Necessity (RON) is: a) the property owner receives a notice of the hearing; b) a staff presentation that includes the legal requirements is heard; c) a project overview and property details as provided; d) the Board has a question-and-answer period and there is a presentation if requested by the property owner; and e) the Board votes on the Resolution with a 2/3 vote required for adoption. The four required findings for the exercise of power and adoption of a RON are as follows:

Finding 1 - The public interest and necessity require the project. The Board declared a state of drought emergency and approved the Drought Emergency Response Plan. The Emergency Response Plan calls for Chain of Lakes No. 5 to be completed and operational by August 2014. The local groundwater basin is critically important during a drought. Well No. 5 is projected to produce 1 to 2 million gallons per day or 20% net of the total projected shortfall. Constructing the well immediately will help reduce potential water shortages. The proposed property is necessary to construct, maintain and operate Well No. 5.

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. The proposed acquisition is limited in scope and necessary for the construction of the project and the long term operation and maintenance of the well and associated pumping plant facility. The proposed location of the project is vacant and no one will be displaced by the project.

Finding 3 - The property interests are necessary for the proposed project. Proposed acquisition is necessary for the project on vacant land. The pipeline between existing Chain of Lakes Well No. 1 treatment facility and the proposed site is already in place.

Finding 4 - The Project is an emergency project, and is necessary either to protect or preserve health, safety, welfare or property. The Drought Emergency Response Plan adopted on January 29, 2014, calls for the proposed well to be operational by August 2014 in order to reduce projected water shortages in the Livermore-Amador Valley this year. In order to complete the project on time, Zone 7 needs immediate possession of the property.

Director Greci said this well has been on the Well Master Plan schedule for a long time. He stated that the Board cannot meet our mission and goals of Zone 7 unless we do this project, and it will be done in a fair and expedited manner.

Director Ramirez Holmes asked if a purchase offer was made to the owner. General Counsel David Aladjem confirmed that an offer for $75,000 was made on February 4, 2014, but there had not been a response. A letter from the land owner's counsel, Arnold & Porter LLP, detailed three concerns that were subsequently addressed in a response letter from Mr. Arends:

- The first concern involved Zone 7 drilling a well on its property to determine if a well on Pleasanton Gravel's (PGC's) property is feasible. Mr. Arends responded that Zone 7 is not installing a well on its property; it is drilling an exploratory boring to determine underground geology to assist in the design and development of the well. Zone 7's property is not large enough for the construction, operation and maintenance of the other facilities necessary for a production facility and Zone 7 needs to acquire the land from PGC for the proposed well site.

- The second concern involved permanently taking the property through eminent domain. PGC feels it is not necessary because a temporary taking will meet Zone 7's present needs for a temporary emergency due to the severe drought. The drought presumably will end and Zone 7 will not need the groundwater production well. Mr. Arends responded that the well was identified in the Well Master Plan and EIR completed in 2005 and the construction of this well has been included in the Capital Improvements Plan for a number of years. The well is not only for the current drought emergency but also to meet Zone 7's permanent long-term water needs.

- The third concern is that the $75,000 offer undervalues the property based on not accounting for the value of PGC's right to use the groundwater, PGC's oil and gas rights are potentially valuable and an oil and gas well would be precluded by the proposed water well, and the proposed taking would impair substantially more than 1.26 acres. A suggestion was made that if a test well site is not suitable, PGC is prepared to negotiate a short-term, fair market lease that enables Zone 7 to operate a well during the drought. Mr. Arends' response was that Zone 7 believes the fair market value of the land includes the rights to groundwater and the rights to oil and gas. Zone 7 staff believes that the proposed well can be constructed, operated and maintained without causing interference with PGC's activities on its adjacent property.

Director Ramirez Holmes asked if and how the property owner was noticed about this Board meeting? Mr. Aladjem replied that, as part of the Notice Language in the Code, the property owner was noticed in the February 4, 2014, letter and informed when there would be a hearing.

Ms. Mahoney noted additional letters in her initial remarks and reported that Zone 7 had been given a plat and legal which is the next step in getting an appraisal. Mr. Aladjem clarified that the plat and legal had been ordered from the surveyors and the results were given to Zone 7 the day of this board meeting.

President Stevens asked for public comments and, finding none, closed the public hearing. Director Quigley moved and Director Palmer seconded the motion which was approved by a roll call vote of 7-0.

Resolution No. 14-4348	The Board of Directors authorized and empowered legal counsel to acquire the property interests by such proceedings as necessary; deposit the probable amount of compensation; and apply to the court for an order permitting Zone 7 to take possession of the Property.

<u>Item 10 - Chain of Lakes Preliminary Lake Use Evaluation - Draft Report and Near-Term Recommendations</u>

Colleen Winey, Assistant Geologist in the Groundwater Section, presented to the Board the highlights of the Report and Near-Term Recommendations. A timeline showed the progress made over the past year when staff developed a list of potential lake uses and an evaluation of criteria and methodology to do the evaluation. Input came from the Water Resources Committee, retailers, the Liaison Committee, members of the public and the Zone 7 Board. The purpose of the Evaluation was to identify potential uses for the lakes and suitability of individual lakes for the respective uses. The Evaluation also identified any conflicting proposed uses and a framework for evaluating specific projects that may come to the Board as the lakes are transferred to Zone 7 ownership, for example the East Pleasanton Specific Plan. Another purpose of the Evaluation was to communicate uses by Zone 7 for the Chain of Lakes to other agencies and the public. The changes to the use of the lakes in the next 20 to 50 years can be updated along with changes in water management.

Key assumptions were made during the evaluation including identified uses, primary and secondary uses, and an evaluation of "As Is" lakes in their existing condition versus the expected condition of lakes at the time of transfer. A summary of results and use compatibility were also included. The recommended action was for the Board to receive public comments, accept the draft report and approve near-term recommendations for Lakes I, H, and Cope.

Ms. Duerig told the Board that a letter from Dublin San Ramon Services District (DSRSD) had been received reminding Zone 7 of the provisions of the Memorandum of Understanding (MOU) with them to consider recycled water storage alternatives. Lake F has been identified as potentially the most suitable for recycled water storage but it is not a part of the near-term recommendations because it is not on the horizon to come to Zone 7 within the next few years. It is part of the overall lake use plan so Zone 7 has followed the MOU with DSRSD.

No comments from the public.

Director Ramirez Holmes asked about the letter provided to the Board and public from Allen Matkins Leck Gamble Mallory & Natsis LLP. Ms. Duerig said the letter was from legal counsel for Rhodes & Jamieson and others regarding recycled water storage and concerns addressed in the report. Director Ramirez Holmes then asked if those attorneys saw the final draft and Mr. Aladjem read the sentence contained in the letter: "We therefore object to any Preliminary Lake Use Evaluation suggesting that recycled water storage could be a 'primary' use of any lake on or near out clients' property or in the Chain of Lakes." Since recycled water storage is not a primary use, it was a concern they raised perhaps because they had not seen the report, but that concern has been addressed.

Since Cope Lake is the most suitable for flood control, and questions were brought up at the Water Resources Committee, Director Ramirez Holmes wanted to confirm that Zone 7 considers it one of the primary uses for Cope Lake. Ms. Winey confirmed that Cope Lake scored the highest for stormwater detention.

Ms. Duerig clarified that when the “draft” is accepted by the Board, it will become the “final” report. President Stevens noted that the Plan will continue to evolve and Director Ramirez Holmes confirmed that as lakes are turned over, uses will be discussed again. Ms. Winey agreed that plans could change in the future but this addresses the near-term recommendations.

Director Quigley asked if other recreational entities had commented on the evaluation of future uses. Ms. Duerig noted that a joint staff meeting is scheduled with East Bay Regional Park District, Livermore Area Recreation Park District and Tri-Valley Conservancy. A Liaison Committee meeting with Board members is in the process of being scheduled. Ms. Duerig also stressed that this is a living document and that the recommendation is to accept the report but if change is needed, it can be changed. Preliminary recommendations are two-fold: 1) Zone 7 can interface with the East Pleasanton Specific Plan; and 2) Zone 7 has a tool for evaluating uses if change is needed.

Director Palmer pointed out that the report states “Preliminary Lake Use Evaluation” and that it is preliminary and a framework to use in developing policies in the future.

Director Figuers expressed concerns that protecting or enhancing habitat could result in long-term obligations limiting water management flexibility. Mr. Aladjem reassured him that new obligations were unlikely.

Director Quigley said that because this document is a living document for the future, it gives other agencies an opportunity to collaborate on funding or being involved in projects which benefit the community. He feels any wording about 80% of the water being imported and any mention of urban runoff explaining where the water comes from for the Chain of Lakes is an important element not contained in the Evaluation.

Director Machaevich said there are a lot of areas that could be changed in the future because it is an evaluation and a good use of the public’s money to know what Zone 7 is planning on doing. He urged the Board to adopt this Plan.

Jennifer Jimenez Jamieson, representing Pleasanton Gravel, said that their letter had not been addressed just because recycled water was not being considered as a primary use but only as a secondary use, and all of Zone 7’s primary uses are not compatible with recycled water. If Zone 7 puts recycled water in a certain place, they can’t do any of the primary uses. She wanted to make it clear that they object to having recycled water as a primary and as a secondary use.

Joe Cunningham, representing Valley Trails Homeowners Association, an area which borders the Mocho, said that this evaluation for Chain of Lakes does fit in with regional storage of stormwater.

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. 14-4347	Accept the “Preliminary Lake Use Evaluation for the Chain of Lakes” and adopts proposed near-term recommendations for Lakes H, I, and Cope Lake.

<u>Item 11 - Committees</u> - Water Resources Committee, January 13, 2014 - notes

Item 12 - Reports - Directors

a. Verbal comments by President

b. Written report by Director Quigley

c. Other Directors' Verbal Reports

Director Ramirez Holmes thanked Zone 7 and DSRSD staff for setting up the California Water Action Plan event with Secretary of Natural Resources John Laird on January 30. She also attended the drought emergency meeting at DSRSD on February 4 and complimented Zone 7's Dr. Amparo Flores' presentation. On February 13th she attended attended Supervisor Miley's Pleasanton Advisory Committee. A future committee meeting on water may be planned as there is also a new Alameda County Creeks Ordinance. She attended the Elected Women Officials' Lunch. She also viewed the California Special Districts Association's webinar on Understanding Board Member and District Liability Issues.

Director Palmer had about 15 of her students attend the California Water Action Plan event with Secretary Laird and thought it was very beneficial for them. She also attended the Elected Women Officials' Lunch.

Director Figuers reported that he had attended the ACWA Groundwater Committee meeting in Sacramento and it was the best meeting he had attended in 20 years. He summarized the questions asked at the ACWA Groundwater Committee and the information shared.

Director Quigley noted the upcoming Region 5 Event "Working Together in Dry Times" on March 23-24 at the Seacliff Inn in Santa Cruz.

Item 13 - Items for Future Agenda - Directors

Item 14 - Staff Reports (Information items.)

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

Ms. Duerig pointed out the new staff report, Drought Update, which will continue throughout the drought emergency and is a status report on current conditions and emergency projects. More consultants will likely be brought in to assist existing staff members that are overextended.

Director Ramirez Holmes asked if the costs for the consultants were coming out of the amounts the Board authorized for emergency projects. Ms. Duerig responded that consultant costs were included in the design-build cost of emergency projects; however a small consultant contract was put together to provide oversight to the existing Project engineers and not factored in for the three existing projects.

Director Ramirez Holmes mentioned the upcoming forum for the League of Women Voters and Sierra Club on February 20th because Ms. Duerig is on the panel. It is a BDCP informational item, not a debate, with one other panelist pro-Delta improvements and two opponents.

The board went back into closed session at 8:30 p.m.

Item 15 - Closed Session - continued

Item 16 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 9:12 p.m.

Director Palmer moved and Director Ramirez Holmes seconded a motion approving Resolution 14-4349 which was then passed by a voice vote of 7-0.

Resolution No. 14-4349	Authorized the General Manager to surplus County property.

Director Palmer moved and Director Ramirez Holmes seconded a motion approving Resolution 14-4350 which was then passed by a voice vote of 7-0.

Resolution No. 14-4350	Authorized the General Manager to purchase Union Pacific Railroad property offered for sale.

Item 17 - Adjournment

The meeting was adjourned at 9:20 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: Integrated Planning
CONTACT: Elke Rank / Carol Mahoney

AGENDA DATE: March 19, 2014 ITEM NO. **5a**

SUBJECT: Amendment No. 3 to Memorandum of Understanding for the Alameda Creek Workgroup

SUMMARY:

- To coordinate efforts to research and possibly restore these fish, the Alameda Creek Fisheries Restoration Workgroup was formed in early 1999 as a collaborative effort among many parties focusing on water flows and habitat restoration in the Alameda Creek watershed that would support steelhead trout.
- A Memorandum of Agreement (MOU) was authorized by the 17 Workgroup members in 2006; it outlines the Workgroup's purpose, organization, and conduct.
- Zone 7 has benefited from its participation in this workgroup in multiple ways, including having a voice in assuring that water supply and water quality constraints within the watershed are recognized, minimizing adverse impacts on water reliability and water quality, and receiving regulatory assurance and protection from potentially violating provisions of the Endangered Species Act in the course of operations and maintenance activities within the watershed.
- Additional authorization (time and funding) is required in order for the Workgroup's efforts to continue.

FUNDING:

Funding has been previously allocated in the 2013-2014 budget. The funding source is 50% Fund 100 (Water Enterprise) and 50% Fund 210 (Flood Protection/Drainage DIF).

RECOMMENDED ACTION:

Adopt the attached Resolution authorizing the General Manager to negotiate and execute a third amendment to the 2006 Memorandum of Understanding, including continued funding of the Workgroup's efforts, for an additional not-to-exceed amount of $12,500.

ATTACHMENTS:

1. Staff Memo and MOU Amendment
2. Resolution

Internal Memorandum

Date: March 4, 2014
To: Jill Duerig, General Manager
From: Elke Rank, Associate Water Resources Planner, Integrated Planning
Subject: Third Amendment to Memorandum of Understanding for the Alameda Creek Workgroup

BACKGROUND:

Regular sightings of steelhead attempting to migrate up Alameda Creek and the 1997 listing of the Central Coast steelhead (*Oncorhynchus mykiss*) as "threatened" under the federal Endangered Species Act, focused public attention on possible restoration of steelhead in Alameda Creek.

To coordinate related studies, the Alameda Creek Fisheries Restoration Workgroup (Workgroup) was formed in early 1999. Led by the efforts and financial support of the Alameda County Flood Control and Water Conservation District (ACFCWCD), the Workgroup gathered members including Alameda County Water District (ACWD), the Alameda Creek Alliance (a citizen's group), American Rivers, the California State Coastal Conservancy (SCC), the California Department of Fish and Game (DFG), the City of Fremont, the East Bay Regional Park District, the National Marine Fisheries Service, Pacific Gas and Electric Company (PG&E), the San Francisco Public Utilities Commission (SFPUC), Supervisor Scott Haggerty's Office, the U.S. Army Corps of Engineers (Corps) and the Zone 7 Water Agency.

Eventually, a Memorandum of Understanding (MOU) was approved by all 17 members of the expanded Alameda Creek Fisheries Workgroup (Workgroup) in 2006:

- Alameda County Flood Control & Water Conservation District / Public Works
- Alameda County Resource Conservation District
- Alameda County Water District
- Alameda Creek Alliance
- American Rivers
- CA Department of Fish and Game
- California State Coastal Conservancy
- East Bay Regional Park District
- National Marine Fisheries Service
- Natural Resources Defense Council
- Pacific Gas & Electric Company
- Regional Water Quality Control Board
- San Francisco Public Utilities Commission
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- U.S. Natural Resources Conservation Service
- Zone 7 Water Agency

The Workgroup has met regularly since its inception. Zone 7 staff currently serves as Chair of the Workgroup.

Along with the other water resource management agencies, Zone 7's participation in the Workgroup supports development of a fisheries restoration plan for the Alameda Creek watershed that:

- Acknowledges water supply and water quality constraints;
- Provides for minimum adverse impacts on water reliability and water quality;
- Acknowledges the presence of other species;
- Is based upon sound science; and
- Equitably allocates costs, recognizing that local enhancements should be recognized as regional restoration.

Other benefits of this collaborative fisheries restoration framework for participating agencies is regulatory assurance and protection from potentially violating provisions of the Endangered Species Act in the course of operations and maintenance activities within the watershed. The recommendations from the Workgroup's efforts will provide the participants with a common basis for determining appropriate impact analysis and proposed mitigation required for projects such as our ongoing stream maintenance activities, future Stream Management Master Plan (SMMP) projects, and Arroyo del Valle water rights study – all of which require significant permitting and collaboration with the Resources Agencies to gain necessary approvals. The development of a positive working relationship with the regulators through the Workgroup provides many long-lasting benefits to this end. This collaborative effort could also spur opportunities for partnering on mitigation projects or grant funding applications.

The Workgroup funding partners pay their shares periodically as tasks are completed and a new scope of work is defined, rather than being paid upfront in one lump sum. The previous authorizations for shared funding of the Workgroup's initial studies as identified in the MOU are nearly exhausted. A list of tasks completed and a summary of funding approvals to date are included in the Discussion section below.

An amendment to the MOU is sought to include two major provisions: an extension of time, and additional funds:

I. An extension of time is required for administrative purposes – to utilize the remaining funds (about $20,000 total) that have been previously approved by the funding partners. Should the MOU lapse, these funds will no longer be readily accessible. Further, members have indicated that they wish to continue the structured and cooperative nature of this Workgroup (i.e., under an MOU), especially as the Workgroup assesses the potential need to develop a new scope of work and budget for additional studies.

II. Funding provided to date has nearly been expended and additional funds are required to advance the collaborative efforts of the Workgroup. The total requested funds for the Third Amendment is $50,000, to be shared equally by the four funding partners (Alameda County Flood Control & Water Conservation District - West, Alameda County Water District, San Francisco Public Utilities Commission and Zone 7 Water Agency). Planned tasks include refining the hydraulic and water temperature model for lower Alameda Creek to support instream flow and habitat assessment. The Workgroup felt these updates were warranted because certain new information and methodologies should be reflected in the models. Additional tasks, as needed, to be funded by this authorization will be identified through the Workgroup.

DISCUSSION:

The Workgroup retained the consulting firm of McBain and Trush to complete the technical studies, and this contract is managed through ACWD. The budgets and scopes of work prepared by the consultant are approved by the Workgroup at large, with the benefit of early input from the Resources Agencies via the Workgroup.

The Workgroup has been conducting studies described in the three phases listed below.

- *Phase 1: Data Gathering and Gap Analysis*

  Phase 1 is complete. It included data gathering and review of relevant existing data, reports, and studies on hydrologic and geomorphic conditions and fish habitat in the watershed, and preparation of a detailed work plan for the second phase of the flow studies. This work helped to inform the Recovery Plan, and is a useful resource for member agencies.

- *Phase 2: Fisheries (Steelhead) Requirements*

  Phase 2 is largely complete, although there are a few small pieces that are ongoing. Initially, this purpose of this phase was described to develop a common understanding of the existing conditions in the watershed (e.g., hydrologic and geomorphic conditions, and habitat) and collecting additional data necessary (as recommended in Phase 1) to provide the information necessary to estimate the range, magnitude, timing, duration, frequency, and location of flows necessary to restore steelhead fisheries (while also considering other native fishes and riparian communities) in the entire Alameda Creek watershed while minimizing the potential impacts to water supply.

  Thus far, results provide key information regarding habitat quality and quantity under variable streamflows for Alameda Creek watershed, with the goal of better understanding how specific instream flows and temperature conditions influence anadromous salmonid and amphibian habitat. The work products include an estimation of suitable fish habitat under various flow conditions, a surface water temperature model and an estimation of the "number of good days" for steelhead (a "good day" includes ample physical habitat, favorable water temperatures and abundant food). These factors will allow the consultants to propose conditions, if any, that could realistically support a successful steelhead population.

  To date, the data collection and analysis has largely been limited to the southern watershed (i.e., Alameda Creek). Additional study in the northern watershed, including the Zone 7 Service Area, may be proposed in time but the resource agencies suggested we first implement and better understand what's been done to date before expanding the geographic scope of the work.

  The efforts of the Workgroup are currently playing a key role in the permitting aspects of two major projects in the southern watershed (Calaveras Dam replacement and BART weir modification). That is not to say that Zone 7 hasn't benefitted from the work completed to date; much has been gained that can be directly applied to our own major projects that involve significant hydrologic analysis, such as the Arroyo del Valle water rights studies, flood control modelling, and diversions to Chain of Lakes.

It is worth noting that some member agencies, including Zone 7, have had unprecedented opportunity to provide data and insight towards the development of a Recovery Plan for Central Coast steelhead (this region includes all of the Alameda Creek Watershed). This was accomplished under the terms of the "Statements of Understanding, Central California Coast Steelhead Recovery Program" (SOU) between the National Marine Fisheries Service, Santa Rosa Office of the Southwest Region (NMFS) and various local public agencies, including Zone 7. The SOU was a milestone in collaboration because the NMFS Plan has the potential to influence Zone 7 on many levels including: unrealistic expectations related to water supplies, temperature and habitat; future availability of grant funding; project and water rights approvals; and project mitigation requirements. The staff members from NMFS who assisted in preparing the section on Alameda Creek are long-standing attendees of the Workgroup and therefore have on-the-ground data and understanding of local issues, constraints, and opportunities.

- *Phase 3: Development & Analysis of Strategies*

  The scope of Phase 3 of the flow studies will be determined following completion of Phase 2. Phase 3 was originally envisioned to address development and analysis of specific alternatives, including operational, engineering, and natural resource strategies, with the intent of achieving the goals to be identified in Phase 2. However, there has been some discussion that Phase 3 might be more useful as an on-the-ground monitoring phase once steelhead have access to the watershed. Phase 3 is not yet funded.

Following is a list of Workgroup-sponsored tasks completed to date. These are largely focused on the southern watershed.

- Study Plan: Alameda Creek Population Strategies and Instream Flow Assessment for Steelhead Trout
- Initiation of Alameda Creek Instream and Flow Habitat Assessment
- Initial Habitat Mapping on Upper Alameda Creek to Support Instream Flow and Habitat Assessment
- Hydrology and Water Temperature Assessments on Upper Alameda Creek to Support Instream Flow and Habitat Assessment
- Continued Hydrologic Analyses, Habitat Mapping and Adult Steelhead Migration Evaluating on Upper Alameda Creek to Support Instream Flow and Habitat Assessments
- Continued Habitat Mapping and Adult Steelhead Migration Evaluation on Upper Alameda Creek to Support Instream Flow and Habitat Assessment
- Number of Good Days Analysis on Upper Alameda Creek to Support Instream Flow and Habitat Assessment
- Report: A Brief History of the Fisheries Restoration Workgroup and Efforts to Restore Steelhead to the Alameda Creek Watershed

Table 1. Summary of funding approvals to date

Funding Partner	2006 MOU	2007 Amendment	2009 Amendment	2010 Amendment	Proposed Amendment	Total
Alameda County Water District	$30,000	--	$40,000	$18,000	$12,500	$100,500
Alameda County Flood Control & Water Conservation District	--	--	$40,000	$18,000	$12,500	$70,500
California Coastal Conservancy - grant	$120,000[a]	--	$30,000	--		$150,000
Pacific Gas & Electric	$30,000	--	$20,000	$9,000		$59,000
San Francisco Public Utilities Commission	$30,000	--	$40,000	$18,000	$12,500	$100,500
Zone 7 Water Agency	$30,000	--	$40,000	$18,000	$12,500	$100,500
Total	***$240,000***	***--***	***$210,000***	***$81,000***	***$50,000***	***$581,000***[b]

[a] Only about $60,000 was actually delivered

[b] The Workgroup currently has about $20,000 remaining in unencumbered funds – these are funds that have been committed by the partners (other than from Coastal Conservancy) but not yet encumbered by any contract. The grant funds promised by the Coastal Conservancy but never delivered (due to budget crisis) are assumed lost.

Third Amendment to the Memorandum of Understanding (MOU)

Dated
September 12, 2013

Among

Alameda County Flood Control and Water Conservation District, Alameda County Resource Conservation District, Alameda County Water District, Alameda Creek Alliance, California State Coastal Conservancy, California Department of Fish and Game, East Bay Regional Park District, National Marine Fisheries Service, Pacific Gas and Electric Company, San Francisco Public Utilities Commission, Zone 7 Water Agency

Regarding

The Alameda Creek Fisheries Restoration Workgroup (Workgroup) and collaborative Flow Studies focused on Steelhead Restoration.

I. Recitals

A. The MOU authorized in 2006 includes a provision for amendments.
B. Members have indicated that they wish to continue the structured and cooperative nature of this Workgroup, especially as we work to assess the potential need to develop a new scope of work and budget for additional studies.
C. An extension of time is required to complete work for which funds have been previously approved.
D. Funding provided to date has nearly been expended, and additional funds are required to advance the collaborative efforts of the Workgroup.
E. The total requested funds for the Third Amendment is $50,000.

II. Modifications to the MOU

The MOU is hereby modified as follows:

A. Section IV(B), Joint Funding of Flow Studies is amended to read as follows: as follows:

To date, ACFC&WCD, ACWD, PG&E, SCC, SFPUC, and Zone 7 have collectively contributed $531,000 towards Alameda Creek watershed flow studies that are coordinated by a project manager, conducted by the Technical Team, and led by an independent consultant working on behalf of the Workgroup.

The following organizations hereby agree to provide additional funding in the amount of $50,000 to continue collaborative work related to the Flows Studies under this Third Amendment to the MOU, to be divided equally among the following agencies: Alameda County Flood Control and Water Conservation District, $12,500; Alameda County Water District,$12,500; San Francisco Public Utilities Commission,$12,500; and Zone 7 Water Agency, $12,500. A possible future SCC contribution would also support efforts related to the Flows Studies.

With approval of this third Amendment, the total funding commitment made to the Flow Studies is $581,000.

B. Section V Term. This MOU will expire on December 31, 2016 unless extended by mutual consent of the Parties.

III. Legal Effect

Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

Signature:

Sign: Date:

Organization:
Name:
Title:

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

Third Amendment to Memorandum of Understanding for the Alameda Creek Workgroup

INTRODUCED BY
SECONDED BY

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District, is a signatory to the 2006 Memorandum of Understanding for the Alameda Creek Fisheries Restoration Workgroup and subsequent Amendments 1 and 2; and

WHEREAS, the initial funding arrangements specified in the 2006 Memorandum of Understanding have become obsolete; and

WHEREAS, the amounts that the Board of Directors of Zone 7 authorized previously for shared funding of the Workgroup's studies as identified in the Memorandum of Understanding are nearly exhausted; and

WHEREAS, additional funding is required to complete Phase 2 of these studies;

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby authorizes the General Manager to negotiate and execute a third amendment to the 2006 Memorandum of Understanding to the Alameda Creek Fisheries Restoration Workgroup and to fund Zone 7's portion of the Amendment 3 work in an amount not to exceed $12,500.

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 March 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: FACILITIES ENGINEERING
CONTACT: MONA OLMSTED/RHETT ALZONA

AGENDA DATE: March 19, 2014 ITEM NO. **5b**

SUBJECT: Award of Contract for PPWTP UF Clarifier Recoating Work

SUMMARY:

- The PPWTP Ultrafiltration Clarifier Corrosion Control Upgrades Project was awarded to TPA Construction, Inc. at the January 2014 Board meeting in an amount not-to-exceed $190,000.
- The project scope included spot coating repair of the clarifier steel parts and upgrades to the existing sacrificial cathodic protection system for the ultrafiltration plant clarifier at Patterson Pass Water Treatment Plant (PPWTP).
- After TPA Construction mobilized and began pressure washing the clarifier steel to remove loose coating and contaminants, it was discovered that the existing coating system on the clarifier steel is in very poor condition and requires total removal by blast cleaning and a complete recoating.
- The amount of steel to be coated to properly protect the clarifier structure is a different scope than the PPWTP Ultrafiltration Clarifier Corrosion Control Upgrades Project; the new scope of work is to prepare and coat the additional steel area within the clarifier.
- The new coating system, in combination with the upgraded cathodic protection system, is necessary for proper maintenance of the clarifier to extend its useful life and urgently needed to get the clarifier back on line before summer now that the coating removal has been initiated.
- With TPA Construction already on-site performing the UF clarifier rehabilitation work, staff recommend a sole source award to TPA for the complete recoating of the clarifier steel parts before installation of the new anodes or refilling the tank.
- Zone 7 staff has negotiated with TPA and a quotation of $93,600 was received.
- Staff believes TPA Construction's quotation of $93,600 to be reasonable and recommends award of the new contract to TPA for the recoating work.

FUNDING:
Funds are available in Fund 120 – Renewal and Replacement/System-Wide Improvements.

RECOMMENDED ACTION:
Adopt the attached resolution to:

1. Authorize the General Manager to execute an agreement with TPA Construction for the recoating work in an amount not-to-exceed $93,600; and
2. Authorize the General Manager to issue change orders as and when needed up to $9,360 (10% contingency) for a total, not-to-exceed contract amount of $102,960.

ATTACHMENTS:

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

Interoffice Memo

Date: March 19, 2014
To: Jill Duerig, General Manager
From: Mona Olmsted, Associate Engineer
Subject: Award of Contract for PPWTP UF Clarifier Recoating Work

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

BACKGROUND:

The PPWTP Ultra-Filtration (UF) Clarifier Corrosion Control Upgrades Project was awarded to TPA Construction, Inc., at the January 2014 Board meeting in an amount not-to-exceed $190,000. The project resulted from findings from a preliminary condition assessment performed by a corrosion consultant that found localized corrosion on the clarifier steel and identified that coating failure appeared to occur mostly at sharp edges and corners within the clarifier. To protect the clarifier steel from further corrosion, the project scope included pressure washing the interior coating, spot coating repair of the steel parts and upgrades to the existing sacrificial cathodic protection system.

DISCUSSION:

TPA Construction mobilized on February 25, 2014, and began pressure washing the clarifier steel as required by the project specifications to remove loose coating and contaminants. An inspection during the pressure washing determined that the existing coating system on the clarifier steel is in very poor condition with the coating peeling off and numerous locations of exposed steel, which was likely due to poor application of the original coating. To allow for proper adhesion of the new coating system, total removal of the existing coating down to bare steel by white metal blast cleaning is required prior to the recoating. This is a much larger scope than originally anticipated. The new coating system, in combination with the upgraded cathodic protection system, is urgently needed for proper maintenance of the clarifier, to extend its useful life, and to have the plant available prior to high demand periods this summer.

The scope of work is very different (between patching and a complete removal/coating replacement). The amount of steel to be coated to properly protect the clarifier structure is in excess of what was provided for in the PPWTP Ultrafiltration Clarifier Corrosion Control Upgrades Project. Therefore, a new scope of work has been identified to prepare and coat the additional area within the clarifier. However, with the summer demands quickly approaching and much of the existing coating already removed, it is not practical to delay work in order to bid the work and bring another contractor in to perform the coating. It would take approximately two months to prepare a bid package, advertise and award the contract and an additional one to two months for another contractor to mobilize and complete the work. This delay would have a significant financial impact to the existing contractor, TPA Construction, and extend project completion into late summer rendering the PPWTP ultrafiltration clarifier unusable during the peak summer demand period. With TPA Construction already on-site performing the UF clarifier rehabilitation work, it is recommended to sole source the additional work to TPA for the complete recoating of the clarifier steel parts before installation of the new anodes. Zone 7 staff has negotiated with TPA and a quotation of $93,600 was received. Staff has determined that this amount is reasonable for such a coating job.

RECOMMENDATION:

Staff recommends the Zone 7 Board authorize the General Manager to execute an agreement with TPA for the recoating work in an amount not-to-exceed $93,600. Additionally, staff recommends that the General Manager be authorized to negotiate and issue change orders as and when needed in an amount not-to-exceed $9,360 (10% contingency).

FUNDING:

Funds are available in Fund 120 – Renewal & Replacement/System-Wide Improvements. The work is anticipated to be completed by the end of April 2014.

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Award of Contract for PPWTP UF Clarifier Recoating Work

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District has a project for the construction of the PPWTP Ultrafiltration (UF) Clarifier Corrosion Control Upgrades Project, consisting of replacement of the sacrificial cathodic protection system and patch coating of interior steel parts; and

WHEREAS, on January 15, 2014, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District awarded the contract for the work to TPA Construction, Inc., in an amount not-to-exceed $190,000; and

WHEREAS, field conditions established that the existing coating system on the UF clarifier is in much worse condition than anticipated and urgently requires a complete recoating to keep the UF Plant operational and for proper maintenance of the clarifier to extend its useful life; and

WHEREAS, the additional preparation and coating required to properly protect the clarifier is exceeds the amount included in the existing PPWTP Ultrafiltration Clarifier Corrosion Control Upgrades Project and is a new scope of similar work; and

WHEREAS, it is advantageous to sole source this additional work to TPA for the complete recoating of the clarifier steel parts as it is urgently needed before summer demands and TPA is already on-site performing the original scope of the UF clarifier rehabilitation work; and

WHEREAS, Zone 7 staff has negotiated with TPA and a quotation of $93,600 was received.

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 execute a contract with TPA Construction, Inc., for the recoating work in an amount not-to-exceed $93,600; and

BE IT FURTHER RESOLVED that the General Manager is authorized to negotiate and issue change orders as and when needed up to $9,360 for a total, not-to-exceed contract amount of $102,960.

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 March 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: Facilities Engineering
CONTACT: Steven Ellis/Rhett Alzona/John Mahoney

AGENDA DATE: March 19, 2014 ITEM NO. **5c**

SUBJECT: Additional Funding for Construction of Pipeline between Cope Lake and Lake I

SUMMARY:

- At the January 29, 2014 Special Board Meeting, the Board authorized the General Manager to negotiate a contract for design and construction of a pipeline connection between Cope Lake and Lake I, with CH2M Hill or another qualified firm, with a project completion date of approximately May 2014.
- At the Special Board Meeting, the board approved $1.2 million to complete this project.
- Staff is requesting an additional $100,000 in funding to cover certain unanticipated costs for a total, not-to-exceed project amount of $1.3 million. The additional funding will cover the increased costs associated with a deeper trench to maximize conveyance of Cope Lake's storage capacity to Lake I, a cofferdam on the Cope Lake end of the pipeline to ensure safe construction, and environmental mitigation measures which were omitted from the original estimate but are required under the terms of the project's Negative Declaration.

FUNDING:

Additional appropriations of $100,000 to supplement FY 2013/14 project budget are required to implement the project this fiscal year. Funding is available from Fund 120 – Renewal/ Replacement and System-Wide Improvements ($30,000) and Fund 130 – Expansion ($70,000).

RECOMMENDED ACTION:

Adopt attached resolution: a) authorizing the General Manager to increase the not-to exceed contract total with CH2M Hill by $100,000 to a not-to-exceed total of $1,300,000; and b) appropriating an additional $100,000 for the project in the FY 2013/14 budget.

ATTACHMENTS:
Memo
Resolution

Interoffice Memo

Date: March 19, 2014
To: Jill Duerig, General Manager
From: Steven Ellis, Associate Engineer
Subject: **Additional Funding for Construction of Pipeline between Cope Lake and Lake I**

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

BACKGROUND:
At the Special Board meeting on January 29, 2014, the Board authorized the General Manager to negotiate and execute a contract with CH2M Hill for design-build services to design and install a pipeline connecting Cope Lake to Lake I. This project will allow water pumped by Vulcan into Cope Lake to be moved to Lake I where recharge into the groundwater basin can occur.

A Mitigated Negative Declaration (MND) and associated Mitigation Monitoring and Reporting Plan (MMRP) for the project to capture and transfer Vulcan discharges into other Zone 7-owned and-operated lakes were adopted by the Zone 7 Board on February 15, 2012.

DISCUSSION:
The January 29th Board authorization for the project was for a not-to-exceed contract total of $1,200,000. As design has progressed, the total construction cost has been updated to approximately $1,300,000. The additional costs are due to several changed factors:

- The current design calls for a trench rather than a micro-tunnel (the micro-tunneling approach had some technical challenges that would have cost significantly more than the original estimate and caused unacceptable delays in completing the project).
- The installation of a cofferdam on the Cope Lake end of the pipeline to keep water away from the construction area.
- The installation of a bypass route for traffic during pipeline construction on the roadway (related to trenching rather than micro-tunneling).
- Implementation of Mitigation Monitoring and Reporting Plan (MMRP) measures that had been inadvertently omitted from the original estimate.

FUNDING:
Proposed funding for this increase is as follows:
Fund 120 – Renewal/Replacement and System-Wide Improvements - $30,000
Fund 130 – Expansion - $70,000
These funds are not in the current budget and would require additional appropriations.

RECOMMENDATION:
Staff recommends that the Board authorize the General Manager to increase the not-to-exceed contract amount by $100,000 to $1,300,000 to cover the costs associated with the lower of the pipeline invert to elevation 330 and appropriate an additional $100,000 in the FY 13/14 budget for this project.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Additional Funding for Construction of Pipeline between Cope Lake and Lake I

WHEREAS, the Drought Emergency Response Plan includes implementing certain emergency projects to help meet water demands; and

WHEREAS, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District authorized the General Manager to negotiate and execute a contract with CH2M Hill or another appropriate firm for the design and construction of a Pipeline between Cope Lake and Lake I in an amount not-to-exceed $1,200,000; and

WHEREAS, additional costs have been identified related to constructing that project; and

WHEREAS, there is funding available from Fund 120 – Renewal/Replacement and System-Wide Improvements (30%) and Fund 130 – Expansion (70%).

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 increase the contract amount with CH2M Hill for the design and construction of a Pipeline between Cope Lake and Lake I by $100,000 to an amount not-to-exceed $1,300,000.

BE IT FURTHER RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District herby appropriates an additional $100,000 in the FY 13/14 budget for this project from the following funds: Fund 120 – Renewal/Replacement and System-Wide Improvements - $30,000; and Fund 130 – Expansion - $70,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 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: March 19, 2014 ITEM NO. 6

SUBJECT: January Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in February and selected the Employee of the Month for January 2014 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.

Brad Ledesma, Associate Civil Engineer, has been chosen from among those nominated as the January 2014 Employee of the Month. Brad works in the Integrated Planning section at the North Canyons office.

Brad was nominated for his dedication and work ethic to the Agency in all his projects. Brad is currently part of the drought emergency response planning and prepared and presented information to several groups, including the Zone 7 Board of Directors, to illustrate the current drought situation faced by the State. Beyond this particular project, it was noted that Brad is a dedicated worker who frequently puts in extra hours to achieve Agency goals.

Brad is described as an employee who helps the Agency solve engineering problems and researches new methodologies to do so. When he is asked to review a document, for example, he takes the time to thoroughly review and provide productive comments or edits making the work more comprehensive and professional.

The committee seconded the recommendation and recognized Brad Ledesma 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 Brad Ledesma as January 2014 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: Flood Control
CONTACT: Joe Seto/Diana Gaines/Jeff Tang

AGENDA DATE: March 19, 2014 ITEM NO. 7

SUBJECT: Contract with Schaaf & Wheeler for Hydrologic/Hydraulic Modeling and Mapping Support

SUMMARY:

- Zone 7 approved and adopted the Stream Management Master Plan (SMMP) in 2006, with the intent of updating it periodically.
- System-wide hydrologic and hydraulic models are required to update the SMMP.
- Staff had completed a preliminary report and simple, system wide hydrologic and hydraulic models in July 2013 based on the 1998 flooding event.
- The preliminary report and models were sent to three local Flood Control agencies for review and comments in August 2013.
- Staff intended to address comments, adjust parameters for re-calibration and prepare the models to handle 100-year flow scenarios, expand channel cross-sections, and develop design runoff and water surface elevations for existing and future projected land use conditions, which would enable the creation of out-of-bank floodplain maps for the purposes of identifying potential problem areas in the system.
- Comments point out that industry standards are shifting to the use of unsteady-state and 2-Dimensional modeling for flood risk analysis and these are currently outside of staff's expertise.
- Based on the comments received on aspects of calibration and the highly technical experience needed to modify the models, Staff does not feel it possesses the level of expertise required to respond, and make the necessary changes needed in the timeframe required to update and analyze potential SMMP projects.
- To address this need, a Request for Proposal went out to six firms on February 10, 2014.
- Staff received four proposals for review; based on Staff's review of the proposals, three of the four Engineering firms were invited to interviews.
- Staff recommends awarding the contract to Schaaf & Wheeler Consulting Civil Engineers out of San Francisco as the best qualified and most experienced firm to do this work.

FUNDING: Funding is budgeted and available in the FY 2013/14 budget. The project has split funding from Fund 210 –Flood Protection Development Impact Fee (41%) and Fund 200 Flood Protection Operations (59%).

RECOMMENDED ACTION: Adopt attached resolution authorizing the General Manager to negotiate a services contract, not to exceed $240,000, with Schaaf & Wheeler Consulting Civil Engineers for Hydrologic and Hydraulics Modeling and Mapping.

ATTACHMENTS:
Memo providing additional information
Resolution

Interoffice Memo

Date: March 19, 2014
To: Jill Duerig, General Manager
From: Diana Gaines, Senior Engineer; Jeff Tang, Associate Civil Engineer, Flood Control
Subject: Contract with Schaaf & Wheeler for Hydrologic/Hydraulic Modeling and Mapping Support

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

BACKGROUND:

Zone 7's Board of Directors approved and adopted the Stream Management Master Plan (SMMP) in 2006 with the intent of updating it periodically to address changing conditions within the Livermore-Amador Valley and incorporation new information as it becomes available. With more than five years having passed since the SMMP was originally adopted, an update of the SMMP had been initiated, including the use of more advanced modeling techniques, innovative flood protection methods that incorporate natural, habitat friendly components, and other new data. Additionally, various methods in hydrologic and hydraulic modeling of flood channels are now routinely used by new developments to show the impacts of added impervious surfaces and modified landforms. In 2009, Zone 7 staff began examining the effectiveness of the 1997 Zone 7 modeling effort to address the changing conditions within the Valley and determined that a new model was needed. As part of staff's examination of the existing model, a review of various modeling techniques and programs was conducted. It was determined that the most widely understood and used modeling at the time was still the U.S. Army Corps of Engineer's HEC-HMS and HEC-RAS models.

To better assess new development's impacts on the Zone 7 system, two staff members received training on these programs and began the process to create a valley-wide pair of models to address the hydrology and hydraulics of the system, respectively. An initial hydrologic model was created in January 2012 that focused on flow along Arroyo de la Laguna at Verona, but it was determined that the model needed to be expanded to include Sunol and the southern portion of Alameda Creek in order to represent the entire Alameda Creek watershed. At that time, it was also determined that the hydraulic model would need to be created in parallel in order meet the SMMP update schedule. The models were completed and in July 2013 they were calibrated to a large storm event that occurred during February 1998. As part of developing the models, staff utilized 2006 LiDAR data, local Cities/Counties 2007-2011 Land Use/General Plans, USDA NRCS soil properties, NOAA Doppler imaging, local rainfall and stream flow gauges, and field surveys.

In August 2013, Zone 7 submitted the models and documenting report for peer review to three local flood control agencies in the Bay Area: 1) Alameda County Flood Control & Water Conservation District – West; 2) Contra Costa County Flood Control & Water Conservation District; and 3) Santa Clara Valley Water District. All three agencies completed their review by January 2014. Zone 7 staff began addressing the comments received; however, it became apparent that aspects of the calibration and more technical modifications to the models would require knowledge that staff had yet to acquire during training and implementation of the models. Additionally, many agencies now use unsteady-state modeling and 2-Dimentional modeling to plan for project level construction. It was felt that these types of models would be necessary to improve the project development, cost estimation, and overall planning for the SMMP. In order to stay on schedule for the SMMP Update, prepare for future development reviews, and address these knowledge gaps, it was felt that outside assistance from an engineering consultant, was required.

DISCUSSION:

Eleven engineering consultant firms, specializing in hydrologic and hydraulic modeling, were identified that staff thought would have the required expertise. The 11 firms were vetted for having all the expertise in a single firm and sufficient resources to address Zone 7's needs. The number dropped to eight firms and they were contacted to solicit interest in proposing to Zone 7. Staff sent out Request for Proposals (RFP) to six firms; two eventually declined to submit due to lack of staff resources. The four proposals received were evaluated by Staff for completeness, responsiveness, and whether they had a good understanding of the scope of work. Three of the four firms were contacted and invited to interviews. The three firms asked to interviews were:

1) Schaaf & Wheeler Consulting Civil Engineers out of San Francisco;
2) RBF Consulting out of Sacramento; and
3) CBEC Eco Engineering out of West Sacramento.

Staff interviewed the three firms and two of the three candidates demonstrated that they possessed the professional expertise and experience to perform the required scope of work. Staff selected Schaaf & Wheeler Consulting Civil Engineers based on: 1) their knowledge of the Livermore-Amador Valley and the Chain of Lakes; 2) their previous experience with Zone 7's 1997 hydrologic model; and 3) their approach to calibration of the models.

Schaaf & Wheeler Consulting Civil Engineers has worked with various local cities and counties on hydrology and hydraulic issues, including Zone 7's 1997 *Hydrologic Procedures and Design Discharges* report. The RFP originally requested five tasks be addressed, however, staff recommends to have Schaaf & Wheeler address only Tasks 1 through 4 as Phase I of the modeling effort. Task 5 will be addressed as a part of a future Phase II effort in fiscal year 2014-2015 based on the findings of Tasks 1 through 4.

Exhibit A, Schaaf & Wheeler's Scope of Work is attached and describes Task 1 through 4. Task 1 will address comments received from the peer reviewers and will develop an action plan to move forward with the modeling. Task 2 will complete the models based on the action plan of Task 1; this will include review of historic streamflow records and necessary statistical analyses that are required for calibration/validation of the model and its parameters. Task 3 will be developing the design storm methodology to incorporate into the models; this involves selecting the type of storm event and sizing it according to statistical analyses and validating based on historic events. Task 4 will include evaluating existing flood risks and producing floodplain mapping, and documenting the results of the model. Task 5, to be included in a future Phase 2 contract, will provide site specific analysis of project alternatives to address the flood risks identified in Task 4. The final scope and cost for Task 5 cannot be estimated very well until more is known about the performance of the existing storm water conveyance system and the potential risks but the initial estimate of cost is $100, 000 to $150,000.

Tasks 1 through 4 are scheduled to be completed by the end of August 2014. Schaaf & Wheeler will be working closely with Staff to make any necessary revisions to the hydrologic and hydraulic models per the comments received from reviewers as well as include necessary statistical analyses, complete all hydrologic and hydraulic modeling for the 100-year design storm event, and identify, through floodplain mapping, potential areas of concern within the flood protection system. Schaaf & Wheeler is ready to move forward upon Zone 7 Board approval.

FUNDING:
Money is currently in the budget for this effort but will be transferred from Zone 7 staff to consultant contracts.

RECOMMENDATION:
Staff recommends that the Board authorize the General Manager to negotiate and execute a Consulting Services contract for Phase I (Tasks 1 through 4) of the Project in an amount not-to-exceed $240,000 with Schaaf & Wheeler for hydrologic and hydraulic support services.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Contract with Schaaf & Wheeler for Hydrologic/Hydraulic Modeling and Mapping Support

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 services contract with Schaaf & Wheeler Consulting Civil Engineers in an amount not-to-exceed $240,000 for hydrology and hydraulic modeling and mapping support services.

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 March 19, 2014.

By ______________________________________
President, Board of Directors

SCHAAF & WHEELER CONSULTING CIVIL ENGINEERS SCOPE OF WORK – HYDROLOGIC/HYDRAULIC MODELING AND MAPPING SUPPORT

Task 1 – Address Comments Received from Peer Reviewers

Schaaf & Wheeler (S&W) will review the preliminary *Hydrologic and Hydraulic Modeling Summary*, the associated HEC-HMS and HEC-RAS models, GIS files, and all available data utilized to create the models, to understand the Project. S&W will review peer review comments received from Santa Clara Valley Water District, Contra Costa County Flood Control and Water Conservation District, and Alameda County Public Works Agency. S&W will address the comments, as appropriately, as well as provide their own comments about the report.

Deliverables and Milestones

The work on this task will begin with a kickoff meeting with Zone 7 staff, where both the peer review and S&W's comments on the report will be discussed, and S&W will present their proposed action plan for addressing the comments. A memo summarizing all comments and a recommended plan of action to address the comments, as decided or modified based on the results of the kickoff meeting will be prepared for Zone 7 staff. The Reviewers will be contacted and informed of the status of the project and how their comments will be incorporated and improve the final product.

Task 2 – Complete Models Necessary for Updating the SMMP

Task 2 involves the implementation of the recommended actions from Task 1. It will include review of historic streamflow records, as well as statistical analyses of the gages, as necessary. The existing HEC-HMS model methodologies and parameters, and the HEC-RAS models will be evaluated for appropriateness and recommendations from Task 1 will be incorporated into the models. Additional HEC-HMS models will be developed to simulate events in nearby watersheds and to assist in the correlation of long-term stream gages operated either by the USGS or Zone 7. Thereafter, S&W will run these HEC-HMS models for up to three independent rainfall events that produced "significant" runoff, and make any changes necessary to the HEC-HMS model to be certain that the time of concentration function produces approximately correct timing of the peak of the runoff event. Some nearby long-term USGS stream gages that may be analyzed are:

- San Ramon Creek at San Ramon with over 60 years of record;
- San Lorenzo Creek above Don Castro Reservoir with over 29 years of record;

- Cull Creek above Cull Reservoir with over 37 years of record;
- Marsh Creek near Byron with 30 years of record which may be extended using correlation with longer terms stations;
- Castro Valley Creek at Hayward with over 42 years of record – a completely urbanized watershed;
- Arroyo Mocho near Livermore with 57 years of USGS record and additional years of Zone 7 record; and
- Arroyo de la Laguna with over 37 years of record.

Some Zone 7 stream gages that may provide calibration and validation are:

- ALPL – Arroyo las Positas at Livermore
- AMNL – Arroyo Mocho near Livermore
- AMH – Arroyo Mocho at Hagemann
- AMP – Arroyo Mocho at Pleasanton
- ADVP – Arroyo del Valle at Pleasanton

Each of these gages must be considered as potential calibration locations. Each gage and its record will be analyzed to determine whether or not it is appropriate for inclusion into the model calibration process.

Deliverables and Milestones

Within two weeks of the Notice to Proceed, a memo will be presented to Zone 7 staff showing the stream gage data for maximum instantaneous peak discharge as well as daily discharges for up to a 3-day average discharge. S&W will receive input from Zone 7 staff as to whether the information is acceptable to move forward. S&W will also complete any changes to the HEC-RAS models necessary, or as discussed in Task 1. Within four weeks after the Notice to Proceed, a memo will be prepared for Zone 7 staff showing the results of stream gage statistical analyses, including any correlation analyses used to extend stream gage records, and explain its use in the HEC-HMS modeling efforts. The memo will also document any changes made to the HEC-RAS models.

Task 3 – Develop Design Storm Methodology & Incorporation into Models

The development of design storm methodology involves the development of four parameters:

Parameter 1 - Duration of the Design Storm

While selecting the first parameter, duration of the design storm, it is necessary to understand that there are only a couple of realistic choices within Zone 7's service area: (1) a 24-hour storm, (2) a 48-hour storm, or (3) a 72-hour storm. The selection criteria should be based solely upon the anticipation of whether or not the proposed SMMP will rely heavily on storage to reduce peak discharges. There could be up to three scenarios depending upon the use of storage:

- If moderate use of storage is anticipated a 48-hour storm is sufficient.
- If heavy use of storage is anticipated then the 72-hour storm is the most appropriate.
- If storage is to be minor in the system then the 24-hour storm should be utilized.

Zone 7 and S&W will discuss the intended use of storage, and S&W will make a recommendation based on this discussion.

Parameter 2 - Size Range of the Watersheds under Consideration

While deciding the size range of the watersheds under consideration it is important to understand that the hydrologic models will be different in the case of a 100-acre parcel versus areas larger than one square mile. This range must be decided based on how Zone 7 visualizes its use of the SMMP model.

Zone 7 and S&W will discuss the size range of the watersheds, and S&W will make a recommendation based on this discussion.

Parameter 3 - Statistics of the Rainfall Depths

It is important to decide which statistics is most appropriate to use - the DWR statistics, the ACFC&WCD statistics, the National Weather Service statistics, the National Oceanic and Atmospheric Administration statistics, or any other, if available. Statistics must be available for all durations from approximately 5 minutes to 72 hours depending upon the results of the first two parameters stated above.

Some type of map showing the selection of design storm depths will be required. Generally, but not always, a Mean Annual Precipitation map suffices for this purpose. If, however, the design storm is to be used for very small drainage basins, care must be taken so that the rainfall statistics are applicable for each mean annual precipitation value from lowest to highest. Next, the actual design storm must be selected and "balanced" so that it reflects the rainfall statistics selected. Any storm can be selected but if storage is critical the storm selected might be better if weighted with the intense rainfall period near the end of the storm rather than near the beginning of the storm or even centered during the storm period.

S&W will prepare a graphic or table explaining the pros and cons of each statistical approach, and then discuss each approach with Zone 7. S&W will make a recommendation based on this discussion.

Parameter 4 - Employed Area Reduction Factor

The final parameter is employment of an area-reduction factor. Some design storms have this parameter attached to them, while others do not. The NOAA reduction factors can be used if there are no other viable options.

S&W will discuss the potential options for area reduction factors with Zone 7, and make a recommendation based on these discussions.

Calibration to Stream Gage Statistics

With the Design Storm, statistics, and area-reduction factor selected, and the appropriate time of concentration parameters applied to the model, the calibration to stream gage statistics can begin. After calibrating the model at the various stream gage locations, a decision must be made as to the runoff parameter and the base flow parameter. Once these areas selected the models are re-run using these parameters at the stream gage watershed to determine the standard error of estimate. Zone 7 will have a calibrated hydrologic model and an estimate of the standard error of that model.

Historic Event Validation

Schaaf & Wheeler will use the updated HEC-HMS models to determine performance against one or two historic storm events. Comparisons of hydrographs at gage locations will be made. S&W may refine the model parameters based on the results of this analysis.

Deliverables and Milestones

A technical memo will be delivered to Zone 7 staff each week, beginning at week three from the Notice to Proceed. Each memo will document the selection of Design Storm Parameters. After two weeks the calibration process will begin and the results of the calibration process will be ready ten weeks after the Notice to Proceed. This task will result in Zone 7 having a fully calibrated design storm model which can be used to predict the 100-year peak discharge at various locations in Zone 7 flood conveyance system.

Task 4 – Evaluate Existing Flood Risk & Produce Floodplain Maps

S&W engineers will work together with Zone 7 staff to produce existing conditions hydrology for the 100-year peak discharge in the flood control system of channels and storage areas. The same will be done for the 100-year flood for future land use conditions, based on compiled land use plans from various land use designators in the watershed. Using the HEC-RAS models modified for correctness in Task 2, the S&W engineers, working in association with Zone 7 staff, will produce floodplain maps for each land use scenario.

During the process of floodplain delineation and mapping Schaaf & Wheeler engineers will determine whether or not unsteady-state and two-dimensional floodplain modeling is required in unique situations where flood flows behave in ways that are not amenable to one-dimensional steady state modeling. S&W will create the necessary unsteady-state and two-dimensional floodplain models as required.

It is anticipated that as a part of this Task's Deliverable there will be a large-scale training of Zone 7 personnel so that they obtain some efficiency and effectiveness in running both the hydrology and hydraulic models.

Deliverables and Milestones

The prediction of peak discharges for existing land use conditions and future land use conditions for the 100-year flood will be presented to Zone 7 staff in memo form by the end of June, 2014. Hydrologic routing (not hydraulic routing) will be used for this sub-task.

Floodplain delineation will begin after the end of June 2014 and will use existing Zone 7 topographic data for this sub-task. It is anticipated that the floodplains for existing as well as for future land uses will take an additional two and a half months to complete given the existence of adequate channel and overbank topography. Hydraulic routing and calibration/validation will be performed. Schaaf & Wheeler will produce a memo summarizing the 100- year design storm findings for both Hydrologic and Hydraulic models.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Facilities Engineering
CONTACT: John Koltz/Rhett Alzona

AGENDA DATE: March 19, 2014 ITEM NO. **8**

SUBJECT: Award of Contract for the Mocho 3 and Stoneridge Well Repair Project

SUMMARY:

- Due to the extreme drought conditions, the Department of Water Resources has reduced the State Water Project (SWP) water supply allocation to zero which could limit conveyance of any other Zone 7 water supplies through the SWP system such as SWP carryover water from San Luis Reservoir, water bank exchanges with Semitropic and Cawelo Water Districts, and other water transfers through the SWP system.
- In response to the potential cutbacks in SWP supplies, Zone 7's Drought Emergency Response Plan includes implementing certain emergency projects to enhance water reliability.
- As a critical source of water available under this drought emergency, Mocho 3 and Stoneridge wells need to be dependable but both are experiencing mechanical problems; a well repair contract for these two wells needs to be in place before demands increase in the late spring and summer seasons.
- Under the Emergency Declaration, staff recommends authorizing the General Manager to forego the formal bid process and negotiate a contract for the Mocho 3 and Stoneridge Well Repair Project with Layne Christensen or another qualified firm.
- Zone 7 staff has prepared a Notice of Exemption for the project and filed it with the Alameda County Clerk and Recorder's Office on December 12, 2013.
- Layne Christensen recently participated in a formal competitive bidding process for similar well repair work on Mocho Well 4 and was determined to be the responsive and responsible low bidder.
- Layne Christensen has indicated that their Mocho Well 4 bid prices could be held for Mocho 3 and Stoneridge well repair work throughout 2014.
- Based on Layne Christensen's bid prices for Mocho 4 Well and using Mocho 3 and Stoneridge well quantities, staff's estimate for the project scope under this contract is $260,000 for both wells.

FUNDING:
Funding is available from Fund 120 – Renewal/Replacement and System-Wide Improvements.

RECOMMENDED ACTION:
Adopt attached resolution; a) authorizing the General Manager to negotiate and execute an agreement with Layne Christensen or another qualified firm for construction of this project in an amount not-to-exceed $260,000; and b) Authorize the General Manager to issue change orders as and when needed in an amount not-to-exceed $26,000 (10% of contract amount).

ATTACHMENT:
1. Memo providing additional background and discussion of agenda item
2. Resolution

Interoffice Memo

Date: March 19, 2014
To: Jill Duerig, General Manager
From: John Koltz, Senior Engineer
Subject: Award of Contract for the Mocho 3 and Stoneridge Well Repair Project

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

BACKGROUND:

The production capacity of the Mocho 3 well has declined 5-7 percent over the last year. A portion of the drop in production can be attributed to the increased total head resulting from the lower static groundwater levels in the area. However, the Mocho 4 pump, which also was exhibiting a drop in production, was recently repaired and found to be badly corroded with holes in the upper bowl. Since Mocho 3 and Mocho 4 well pumps were installed at approximately the same time in 2002, it is not unreasonable to expect that they have experienced a similar amount of degradation. Therefore, staff believes it is prudent from a reliability standpoint to replace the Mocho 3 pump prior to the high demand season.

Over the past six months, the Stoneridge Well has exhibited significant noise and vibration. Staff performed a well investigation in conjunction with outside consultation which indicated that the problem was with the pump and/or pump column and not the motor. Suspect problems include, but are not limited to, shaft wear rings, spider retainers, impeller damage causing asymmetric motion, or shaft damage. To date, there has been no evidence of well production declines, but the concern is that a suddenly mechanical failure could occur.

During the current emergency drought, any catastrophic failure of a critical well would be significant. Not only will groundwater wells be more relied upon, but Mocho 3 at a capacity of 5.9 mgd and Stoneridge Well at a capacity of 6.8 mgd are Zone 7's two high capacity wells. Due to the criticality of the these two wells and as insurance against long delivery delays in the event of mechanical failure, a well repair project for Mocho 3 and Stoneridge Well which includes pump replacement is being expedited. The replacement well pumps for Mocho 3 and Stoneridge have already been pre-purchased and are on order with delivery scheduled for March and April, respectively. This well repair contract is recommended to be in place so that when the new pumps arrive, the pumps can immediately be installed and the wells returned to service prior to the increase in demands which accompany the warmer summer months.

This project scope is to retain a contractor to pull the existing well pumps and replace them with the new pumps. Additionally, any of the pump column or associated retainer/spiders that are observed to be damaged will be replaced. With the pump and pump column removed, there is also the opportunity to conduct a video log of the well casings and screens for condition assessment and perform some minor well cleaning. Lastly, for water quality protection, the wells will be disinfected and bacteriologically tested.

Staff has determined that the project is categorically exempt under CEQA and the Notice of Exemption was filed with the Alameda County Clerk and Recorder's Office on December 12, 2013.

DISCUSSION:

Layne Christensen recently participated in the competitive public bidding process for a similar well repair project for Mocho Well 4. Layne was determined to be the lowest responsive and responsible bidder for the Mocho Well 4 project and was awarded the contract at the January 15, 2014 Zone 7 Board Meeting. Layne has agreed to apply the same unit price rates for Mocho 3 and Stoneridge Well repair work as was presented in their low bid for the Mocho Well 4 work.

Based on Layne's unit prices and anticipated quantities for pump column and spider/retainer replacement, the Mocho 3 and Stoneridge Well repair work is estimated at a cost of $260,000. Under the Emergency Declaration and given the urgency of assuring reliable operations of these two critical existing wells, staff recommends authorizing the General Manager to forego the formal bid process and negotiate a contract for repair and replacement of Mocho 3 and Stoneridge wells with Layne Christensen or other qualified firm in an amount not-to-exceed $260,000. Additionally, staff recommends that the General Manager be authorized to negotiate and issue change orders as and when needed in an amount not-to-exceed $26,000 (10% of the contract amount).

FUNDING:

Funding for this project is available from Fund 120 – Renewal & Replacement/System-Wide Improvements.

RECOMMENDATION:

Staff recommends that the General Manager be authorized to negotiate and execute a contract with Layne Christensen Company in an amount not-to-exceed $260,000 for the Mocho 3 and Stoneridge Well Repair Project and issue change orders as and when needed in an amount not-to-exceed $26,000 (10% of contract amount).

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Contract for Mocho 3 and Stoneridge Well Repair Project

WHEREAS the Zone 7 Drought Emergency Response Plan includes implementing certain emergency projects to help meet water demands; and

WHEREAS, well production from the local groundwater basin will be a critically-important water supply during such emergency drought conditions; and

WHEREAS, the Mocho 3 Well and Stoneridge Well are critical production wells required to operate during such emergency drought conditions; and

WHEREAS, the Zone 7 Board declared a State of Emergency on January 29, 2014, due to the existing extreme drought conditions; and

WHEREAS, a Notice of Exemption per the California Environmental Quality Act (CEQA) guidelines was prepared and filed for the project.

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 contract with Layne Christensen or another qualified firm for the construction of the Mocho 3 and Stoneridge Well Repair Project in an amount not-to-exceed $260,000; and

BE IT FURTHER RESOLVED, that the General Manager be authorized to negotiate and issue change orders as and when needed in an amount not-to-exceed $26,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 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: Administration
CONTACT: Jill Duerig/Tom Hughes

AGENDA DATE: March 19, 2014 ITEM NO. 9

SUBJECT: Tri-Valley Utilities; Results of Coordination/Integration Study – Draft Report and Near-Term Recommendations

SUMMARY:

- In 2010, the Alameda County Local Agency Formation Commission (LAFCo) began its Municipal Services Review and, as part of that effort, received a comment that consolidation of utilities in East County should be considered.
- Pleasanton, Livermore, Dublin San Ramon Services District and Zone 7 suggested that such a study would be better and more complete if directed by the local agencies involved.
- A Steering Committee made up of staff from Pleasanton, Livermore, Dublin, San Ramon, Dublin San Ramon Services District and Zone 7 directed work performed by Management Partners to evaluate opportunities for more coordination. That study was completed in October 2013 and is posted on the Zone 7 website at: http://www.zone7water.com/images/pdf_docs/independence/oct-13_tv-utlts-ingrtn_final.pdf.
- The Steering Committee reviewed the report and prepared a detailed memo with staff recommendations for next steps (see attached). This information was presented to a Joint Liaison Committee Meeting representing all the agencies on March 5, 2014.
- The Joint Liaison Committee concurred in staff recommendations that no further studies should be taken at this time but that staff should continue to move forward with collaborative and contracting opportunities and report back to the Joint Liaison Committee in a year on progress.
- At this time, staff ask the board to accept the report and approve these interim recommendations.

FUNDING:
No funding requested at this time.

RECOMMENDED ACTIONS:
Adopt the attached resolution which accepts the "Tri-Valley Utilities: Results of Coordination/Integration Study Phase 1" report and adopts the proposed Joint Recommendations for moving forward.

ATTACHMENTS:
1. Resolution
2. Joint Staff Memo providing additional background information

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Accepting Tri-Valley Utilities Coordination/Integration Study and Joint Recommendations

WHEREAS, Management Partners completed a report entitled "Tri-Valley Utilities – Results of Coordination/Integration Study, Phase 1" in October 2013; and

WHEREAS, staff from Pleasanton, Livermore, Dublin, San Ramon, Dublin San Ramon Services District and Zone 7 reviewed this report and prepared Joint Recommendations for future steps;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of Alameda County Flood Control & Water Conservation District hereby accepts the October 2013 "Tri-Valley Utilities – Results of Coordination/Integration Study, Phase 1" report; and

BE IT FURTHER RESOLVED, that the Zone 7 Water Agency Board directs staff to implement the Joint Recommendations as outlined in the Joint Staff Report dated March 5, 2014 and as described to the Joint Liaison Committee at the meeting held the same day.

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 March 19, 2014.

By:____________________________________
President, Board of Directors

STEERING COMMITTEE UPDATE MEMORANDUM

Date: March 5, 2014

To: Utility Coordination Ad Hoc Committee:

Zone 7 Water Agency – Bill Stevens, Sarah Palmer, Angela Ramirez Holmes
Dublin San Ramon Services District – Edward R. Duarte, Dawn L. Benson
City of Pleasanton – Jerry Thorne
City of Dublin – Tim Sbranti, Don Biddle
City of San Ramon – Harry Sachs
City of Livermore – John Marchand, Bob Woerner

From: Steering Committee for Tri-Valley Water, Recycled Water, Sewer, and Stormwater Utilities

Subject: Status Update on Utility Coordination/Integration Study

RECOMMENDATION:

The Steering Committee recommends that the Utility Coordination Ad Hoc Committee:

1. Receive a verbal update status report from the Steering Committee and Management Partners on the Phase 1 Tri-Valley Utility Coordination/Integration Study;
2. Express support on feasible short and intermediate-term coordination/cooperation concepts reflected in the Phase 1 study including finalization and execution of a Tri-Valley Intergovernmental Reciprocal Services Master Agreement by the agencies;
3. Express support for staff of the Tri-Valley utility agencies evaluating the feasibility of appropriate Operational and Support Integration Opportunities;
4. Express support for staff implementing Operational and Support Integration Opportunities that are shown to be feasible;
5. Request staff report back on progress to the respective Boards and Councils within 2-4 years;
6. Suggest deferring a formal Phase 2 study, and revisiting consideration of a Phase 2 study until after staff has evaluated and implemented appropriate Operational and Support Integration Opportunities.
7. Suggest NOT proceeding with a formal Phase 3 governance options study at this time.

8. Request that staff prepare a letter to LAFCo transmitting the Phase 1 Management Partners Report, and advising LAFCo of further actions by the utility agencies of the Tri-Valley.

SUMMARY:

In 2010, it was suggested at the Alameda County Local Agency Formation Commission that the utility operators of the Tri-Valley consider forming a consolidated municipal utility district to provide all of the water and sewer utilities for the Tri-Valley. In response, the City Managers and General Managers of the Dublin San Ramon Services District, Zone 7 Water Agency, City of Livermore, City of Pleasanton, City of Dublin, and City of San Ramon stated in their letter of November 8, 2010, to LAFCo that a utility integration and coordination study would be completed by these agencies for the Tri-Valley, which would explore various opportunities for utility service provision and various possible governance structures. A Steering Committee was created consisting of General Managers of the Tri-Valley utility agencies, and Department Directors responsible for utilities in each Tri-Valley city; discussions and study have proceeded.

Initially, a preliminary scoping of coordination possibilities between the agencies (but not involving any change in governance structure) was completed. This early Steering Committee work was then carried forward into formal review and analysis by a consultant, Management Partners, which refined the coordination opportunities and also undertook a broad review of utility integration and governance options. A Phase 1 Study of Utility Integration and Coordination efforts has been completed by Management Partners, and reviewed by the Steering Committee.

The staff level Steering Committee has requested a meeting of representative elected officials from each of the affected agencies to concurrently receive a briefing on the findings of the Phase 1 study, and discuss proposed next steps. This group of elected officials is the Utility Coordination Ad Hoc Committee.

The results of the Phase 1 Study, combined with the Steering Committee's further discussion and analysis, offer a number of key conclusions:

1. The Tri-Valley utility agencies have mature utility infrastructures in place, are financially sustainable utility businesses, and have no known service deficiencies;
2. Although all the Tri-Valley utility agencies have success in delivering services, the agencies have arrived at their successes through significant diversity in their policies and business practices;
3. There is a long history of productive coordination and cooperation by the utility operators of the Tri-Valley;
4. There are additional opportunities for further coordination and cooperation, and the staff of the Tri-Valley utility agencies have begun developing implementation steps on both near-term and short-term action items;

5. There are several potentially beneficial intermediate operational and support service integration opportunities between the agencies that might warrant comprehensive analysis and serious consideration in a Phase 2 study; and
6. For the level of analysis that has been completed to date, it is not yet clear whether the major long-term reorganization options for the Tri-Valley utility agencies that have been identified in the study will actually yield long-term and sustainable fiscal and policy advantages that outweigh the costs of implementing those options. Further analysis would be needed to confirm the feasibility and quantify the benefits of any of the long-term major reorganization options. Major reorganization of the Tri-Valley utility agencies to achieve potential economies of scale will involve substantial further study. There are significant policy, operational, and fiscal considerations that need evaluation, and could occur in a Phase 3 study.

The Steering Committee is drafting a Tri-Valley Intergovernmental Reciprocal Services Master Agreement, which incorporates many of the near-term and short- term coordination and cooperation ideas that have been developed. The Steering Committee is recommending that the six agencies finalize and execute this agreement, as a tool to build upon and enhance existing cooperation between the agencies, to augment existing operational capabilities, and to achieve economies of scale. The Steering Committee requests comment from the Utility Coordination Ad Hoc Committee on the concept of a Tri-Valley Intergovernmental Reciprocal Services Master Agreement, which would allow for sharing of services and equipment on a voluntary basis.

A Phase 2 study on more complex coordination and cooperation opportunities would take approximately 1 - 2 years to complete, and could cost $250,000 - $350,000, focusing on a detailed analysis of intermediate Operational and Support Integration Opportunities. Significant staff time from the Tri-Valley utility agencies would be needed to facilitate, review, and complete the study. The Steering Committee recommends not proceeding with an expensive Phase 2 study at this time, but instead consulting informally at a staff level regarding the feasibility of a handful of Operational and Support Integration Opportunities over the next 2-4 years. However, if there is serious interest on the part of the Utility Coordination Ad Hoc Committee to more formally examine the possible options then the Steering Committee suggests that consideration of a Phase 2 study be referred to the various Boards and Councils for final decision on whether or not to proceed with a Phase 2 study.

A Phase 3 study could be authorized later, which would focus on long-term integration and governance issues for the utilities. This report could take 1-2 years, and cost up to an additional $500,000 - $750,000. The Steering Committee does not recommend proceeding with a Phase 3 study. However, if the Utility Coordination Ad Hoc Committee has a serious interest in more closely examining the possible integration and governance options, then the matter would be referred to the various Boards and City Councils for final authorization.

The Steering Committee is providing this Update Report to the Utility Coordination Ad Hoc Committee to recommend next steps and receive feedback on those recommendations. It should be noted that any additional study suggested by the Utility Coordination Ad Hoc Committee would require confirmation or further approval by individual City Councils and District Boards before proceeding with expenditures or commitment of staff resources.

BACKGROUND:

The citizens and businesses of the Tri-Valley receive water, recycled water, sanitary sewer, and storm water service from a variety of governmental agencies and one private investor owned utility (California Water Service Company). Based on a review of the agencies' Comprehensive Annual Financial Reports for Fiscal Year 2011/2012, there is over $1.3 billion of publicly owned utility infrastructure in the Tri-Valley (with a replacement value significantly higher than that level), and rate payers are charged approximately $114 million a year for water, recycled water, sanitary sewer, and storm water service. Total financial reserves related to utility services are currently over $363 million dollars. The California Water Service Company's values are not reflected in these agency totals.

The various service providers built facilities and developed policies over the last sixty years to address development and service challenges that existed at different times in the Tri-Valley. Specifically, different areas of the Tri-Valley have developed at different times and at different rates over time; utilities were constructed in an incremental manner and generally operated independently to address best the needs of the geographically separated parts of the Tri-Valley at various times. Moreover, creation of a consolidated utility service provider during the early development of the Tri-Valley was precluded because of the physical separation of the communities at that time. The result has been a complex matrix of utility service provision in the Tri-Valley. A general summary of the current state of utility service provision in the Tri-Valley follows:

<u>Water Supply (Wholesale Water and Groundwater)</u>

The Zone 7 Water Agency is the water wholesaler for Pleasanton, Dublin, Livermore, and the Dougherty Valley portion of San Ramon, and is responsible for bringing water to the Tri-Valley. Pleasanton, Dublin San Ramon Services District, and the portions of Livermore served by the California Water Service Company receive some of their water supply directly from the groundwater basin.

Zone 7 serves as the Tri-Valley's ground water basin manager, and a portion of the water supplies imported to the Tri-Valley are stored in the ground water basin for later use.

The Zone 7 Water Agency also directly serves untreated water to agricultural and other business uses in unincorporated eastern Alameda County.

Treated Potable Water Supply (Retail)

The City of Pleasanton provides retail water to all of its residents. The Dublin San Ramon Services District provides retail water to Dublin and the Dougherty Valley portion of San Ramon. Livermore is served by both the City of Livermore and the California Water Service Company.

Sanitary Sewer

Wastewater from Dublin, southern San Ramon along the I-680 corridor, and most of Pleasanton is treated by the Dublin San Ramon Services District. Wastewater from Livermore and the Ruby Hill development in Pleasanton is treated by the City of Livermore. The City of Pleasanton operates its own sewer collections system, including serving areas outside of Pleasanton in the Castlewood area.

The Livermore-Amador Valley Water Management Agency (LAVWMA), a joint powers authority formed by the Dublin San Ramon Services District, the City of Pleasanton, and the City of Livermore, is responsible for the ultimate disposal of the Tri-Valley's treated wastewater. Treated wastewater is pumped from the Tri-Valley to the East Bay Discharge Association facilities for ultimate release to the San Francisco Bay. The East Bay Discharge Association is itself a joint powers authority of five agencies: Castro Valley Sanitary District, Ora Loma Sanitary District, Union Sanitary District, the City of Hayward, and the City of San Leandro.

Recycled Water

A portion of wastewater in the Tri-Valley receives tertiary treatment, and is recycled. The Dublin San Ramon Services District provides service to Dublin, as well as portions of San Ramon through a joint powers authority known as the Dublin San Ramon Services District - East Bay Municipal Utility District Recycled Water Authority (DERWA). That joint powers authority also provides service to portions of the East Bay Municipal Utility District's service area in San Ramon and Danville. The City of Livermore provides recycled water service in Livermore, portions of Pleasanton's Staples Ranch development, and Alameda County along Stanley Boulevard.

Storm Water

The cities of San Ramon, Dublin, Pleasanton, and Livermore independently operate storm water facilities. These facilities ultimately drain to flood control channels that are operated by the Zone 7 Water Agency. The regional flood control facilities in San Ramon are operated by the Contra Costa County Flood Control District. Drainage from the Dougherty Valley portion of San Ramon also ultimately drains to regional flood control channels operated by Zone 7.

<u>LAFCo Proposal to Study Utility Consolidation</u>

In 2010, the Alameda County Local Agency Formation Commission (LAFCo) began work on its second 5 year Municipal Service Review work program, which is mandated by State law. At LAFCo's September 9, 2010 meeting, the Commission suggested that the potential consolidation of Tri-Valley utilities into a municipal utilities district be studied by LAFCo, as an adjunct to the 5 year Municipal Service Review. Subsequently, the General Managers and City Managers of the Zone 7 Water Agency, Dublin San Ramon Services District, City of Dublin, City of San Ramon, City of Dublin, and City of Livermore met to develop a response to LAFCo's proposed action. A letter was sent to LAFCo by the agencies on November 8, 2010, which noted that:

1. LAFCo initiated study of consolidated utility services in the Tri-Valley was premature;
2. The Tri-Valley utility agencies would initiate a feasibility study to address utility integration issues;
3. Consensus would be developed by the Tri-Valley utility agencies; and
4. The agencies would petition for LAFCo action (if appropriate) after consensus had been developed.

At the November 18, 2010, LAFCo meeting, LAFCo concurred that it was appropriate for the Tri-Valley utility agencies to take the initiative and conduct a feasibility study regarding utility issues before LAFCo considered the matter further. Moreover, at that LAFCo meeting, the Board Members noted that they had no intention of compelling any action by the agencies, but rather would wait for an application by the various agencies.

In December of 2010, the General Managers and City Managers of the Tri-Valley utility agencies created a Steering Committee to undertake a study of Tri-Valley utility integration and coordination issues. The Steering Committee was comprised of the General Managers and Assistant General Managers of the utility districts, as well as the affected Department Directors of the Tri-Valley cities. The City of Livermore was designated as the administrative party for coordinating Steering Committee meetings, and managing a consultant contract. A total of 21 Steering Committee meetings have been held since that time. In addition, there has been significant staff time commitment to this study effort outside of the formal Steering Committee meetings. Lastly, over $200,000 in direct costs have been committed to the effort to date.

During that time, the Steering Committee has been focused on the following:

- Discussing and agreeing upon common principles and goals;
- Developing a consensus scope of work for a multi-phase study of utility integration/coordination;
- Identifying successful existing utility collaborations in the Tri-Valley and discussing near-term opportunities for closer coordination;

- Assembling data on existing service delivery, and agency financial details and practices;
- Developing a methodology for cost sharing of study(ies);
- Recruiting and hiring the consultant, Management Partners, to complete a Phase 1 study;
- Reviewing and administratively approving a Phase 1 study for presentation to the Utility Coordination Ad Hoc Committee; and
- Analyzing a number of concepts developed by Management Partners' Phase 1 study and developing recommendations on next steps.

During the study, a number of short reports have been made to the LAFCo Executive Director and the various elected boards of the districts and the cities about progress on the study. The key focus of these informal reports has been on progress and process, as well as a summary of existing collaborations and potentially promising future short-term collaborations.

The results of Management Partners' Phase 1 study, combined with the Steering Committee's assessments of opportunities and risks follows in the "Discussion" Section. It should be noted that the City Managers of Pleasanton, Livermore, Dublin, and San Ramon have been briefed on the results of the Management Partners' study, and concur with the Steering Committee's recommendations in this update memorandum.

DISCUSSION:

The Steering Committee began its work by developing some general principles and goals. Next steps were to identify current utility service provision in the Tri-Valley, review existing collaborations and coordination in the Tri-Valley, and develop near-term options for further collaboration. A consultant, Management Partners was then hired by the Steering Committee to preliminarily review utility coordination and integration opportunities in a formal report. Management Partners identified two categories of coordination/integration opportunities: intermediate-term "Operational and Coordination Options", and "Major/Long-term Integration Options". Upon completion of the Management Partners Study, the Steering Committee reviewed the Phase 1 Report and formulated a recommendation derived from the information in the Management Partners study. Following is a detailed review of the process, research, and analysis for the Phase 1 study:

1. <u>Principles and Goals of the Steering Committee</u>

In extensive discussions while working with Management Partners, the Steering Committee has formulated a number of goals and guiding principles to foster greater coordination and cooperation amongst the utility providers. The Steering Committee has agreed unanimously upon the following principles and goals:

1. Actions and areas of study will be developed by the consensus of the Steering Committee.
2. Opportunities for economic efficiencies through coordinated action of the utility agencies (both short-term and long-term), will be comprehensively evaluated at appropriate points in the studies.
3. Multiple long-term integration options will be evaluated, including a baseline "no change" scenario, various service provision options, and various governance options.
4. Studies will be completed objectively, without pre-judging "winners" or "losers," or by peremptorily discarding options.
5. All of the material challenges to and benefits of integration and coordination will be identified, both from a Tri-Valley wide-basis, as well as an agency by agency basis.
6. Implementation of promising short-term cooperation options will be expedited as appropriate.
7. Any change to existing organization or practices will likely involve policy tradeoffs to the ratepayers of any particular agency. In aggregate, the relative advantages and disadvantages of changes will have no net negative impact on the rate payers of any one agency.
8. A significant number of rate payers shall materially benefit economically from any proposed integration or change to existing organization or practices.
9. Any short-term cooperative efforts shall provide sufficient economic gain to justify anticipated short-term costs to implement, although no quantitative "yardstick" has been established.
10. Information arising from studies will be shared simultaneously with all elected officials. No one agency's elected officials will receive analysis in advance of any other agency's elected officials. The best forum for this is a joint Utility Coordination Ad Hoc Committee of elected officials from the various agencies.
11. The Alameda County Local Agency Formation Commission shall receive periodic updates on the Steering Committee's work.
12. The California Water Service Company, as a private investor owned utility and a potential subject of the utility integration/coordination study, will have a seat on the Steering Committee as a non-voting ex-officio member, and key stakeholder.
13. The cost of current and any near-term studies will be shared equally by the City of Livermore, the City of Pleasanton, the Dublin San Ramon Services District, and the Zone 7 Water Agency.

2. <u>Review of Existing Utility Service Provision</u>

At first blush, the service delivery and agency interrelationship of the utilities in the Tri-Valley seems complex. As indicated previously, the utility systems and governance structures were created to meet geographical and service delivery needs at different points in time during the development of the Tri-Valley. This organic growth pragmatically addressed the service delivery challenges and needs at different times and in different parts of the Tri-Valley over the last sixty years. Despite that there are six different governmental agencies, two joint powers authorities (LAVWMA and DERWA), a private investor owned utility, and four out of area service agreement areas in and adjacent to the Tri-Valley, the service delivery to the residents and businesses works quite well. There is effective water treatment, storage, and pressure throughout the valley. With regard to regulatory compliance issues, there are rarely permit or legal compliance concerns for any of the service providers for water service, recycled water service, sanitary sewer service, or storm drain/flood control service. Lastly, the agencies and the private investor owned utility have planned effectively to build the facilities and provide the service delivery resources to accommodate growth, the utility systems are still relatively new and in good condition, and the agencies are off to a reasonable and prudent start on long-term renewal and replacement investment.

However, there are many interesting policy differences throughout the Tri-Valley, both historically with regards to new development, and currently, with regard to business practices. For example, in the mid-1990's the rehabilitation of the existing LAVWMA export sewer pipeline and construction of the new LAVWMA pipeline was a very contentious policy issue between the agencies, which required several years of difficult planning and policy debate. However, despite that initial difficulty, a consensus was developed in the Tri-Valley, and a reliable shared export system was rehabilitated and upgraded, consistent with the General Plans of Pleasanton, Livermore, and Dublin.

With regard to current business practices, there are substantive differences in policy amongst the utility service providers. For example, some of the agencies have used utilities as a tool to either accelerate or control growth in different ways, both by controlling utility extensions, as well as by implementing development impact fees (and subsidies) in different ways to pay for expansion infrastructure. Growth in the Tri-Valley has been a contentious issue, and utilities are an integral element of the growth policy discussion.

Other areas of diversity in policies and practices include different rate setting philosophies and different renewal/replacement funding policies. For example, policy discussions regarding Zone 7 Water Agency rates and renewal/replacement policies has been an issue of concern to the water retailers over the last decade, and the Committee of Valley Water Retailers has advocated a new policy approach. Fortuitously, there has been an emerging Tri-Valley productive dialogue on these issues, as evidenced by the first two meetings of the Tri-Valley Water Wholesaler/Retailers Liaison Committee. Although in many cases, the diverse policies and business practices have little practical impact on the residents and businesses of the Tri-Valley, if a close integration is sought, these practices and policies will have to be assessed and reconciled.

3. <u>Review of Existing Collaborations and Coordination in the Tri-Valley</u>

The purpose of the Steering Committee's work and of the Phase 1 study by Management Partners was to explore short-term, intermediate-term, and long-term opportunities for coordination and integration of the Tri-Valley's utility service delivery. However, it should be noted that there is significant successful collaboration and coordination in place already.

The most notable examples are summarized as follows:

Livermore Amador Valley Water Management Agency – A joint powers authority that provides for consolidated final disposal of the Tri-Valley's wastewater. A single export facility is operated for the benefit of all residents and businesses of Pleasanton, Dublin, Livermore, and southern San Ramon, thereby saving on duplicative capital facilities.

Committee of Valley Water Retailers – A ten year collaboration by Dublin San Ramon Services District, City of Livermore, City of Pleasanton, and the California Water Service Company to identify and coordinate on water supply and quality issues. This collaboration is in the process of evolving into the Tri-Valley Water Wholesaler/Retailers group, which has had two successful dialogues over the last year and a half.

Dublin San Ramon Services District-Pleasanton Regional Agreement – Under this long-term agreement, Dublin San Ramon Services District provides wastewater treatment contract services to the City of Pleasanton, thereby saving on duplicative capital facilities.

Zone 7 Wholesale Agreements – Zone 7 provides groundwater to agencies with groundwater rights using Zone 7 wells, saving on duplicative well facilities and operational costs.

Alameda County Clean Water Program – The cities of Dublin, Pleasanton, Livermore, and Zone 7 are members of this county-wide group that coordinates public outreach and environmental compliance efforts county-wide for storm drain services.

Physical interties – Over the last 20 years, the utility agencies of the Tri-Valley have created a number of water system interties, which create system redundancies and significantly enhance reliability during emergencies and natural disasters.

Bay Area Chemical Consortium – A number of agencies both within and outside the Tri-Valley go through a collective purchasing process coordinated by Dublin San Ramon Services District in order to obtain the best bulk pricing for chemicals used in water and wastewater treatment. Dublin San Ramon Services District, Zone 7, City of Livermore, and City of Pleasanton are members, and all have realized significant savings on chemical costs through this cooperative effort.

The Bay Area Chemical Consortium now has 46 participating agencies from around the Bay Area and from as far away as Fresno. The Consortium annually solicits competitive bids for 14 different chemicals used in the water and wastewater industry. The cooperative effort is now valued at over $15 million annually. The California Association of Sanitation Agencies awarded Dublin San Ramon Services District its Achievement Award for Organizational Excellence for its role in establishing, growing, and continuing to lead the program.

Recycled Water Services – The City of Pleasanton is partnering with both Dublin San Ramon Services District and the City of Livermore to extend recycled water service in Pleasanton. Under these partnerships, the City of Pleasanton serves as the recycled water retailer, and Dublin San Ramon Services District and Livermore serve as the recycled water wholesalers. Moreover, DERWA provides recycled water services to both the Dublin San Ramon Services District and the East Bay Municipal Utilities District.

Castlewood Community Services Area – The City of Pleasanton provides maintenance services for water system and wastewater collection system under contract to Alameda County.

Thus, it can be seen that there are significant existing collaborations and joint efforts between the utility agencies of the Tri-Valley that are providing significant cost savings in both capital and operating costs. In addition to these formal collaborations, there is a history of successful staff coordination and collaboration in the Tri-Valley. The most recent tangible example is the productive work of the Steering Committee itself to explore and evaluate a number of contentious and sensitive issues in completing the Phase 1 utility coordination/integration study. All parties have been open and willing to engage in frank, yet respectful discussions of the advantages and disadvantages of potential changes to existing operating practices and governance structures.

4. <u>Short-term and Near-term Collaborations</u>

A preliminary scoping of possibilities for short-term and near-term collaborations that builds upon the success of existing efforts was completed in the early work of the Steering Committee. This work was carried forward into formal review and analysis by Management Partners in a Phase 1 study.

The Steering Committee has finalized a number of ideas for short-term and near-term collaboration that build on existing successes. For example, in the short-term, there are opportunities to deploy underutilized equipment from one agency to another (with some sort of compensation to be negotiated by the parties). This shared use of specialized equipment can be more effective and operationally streamlined as compared to renting equipment from the private sector, and also allows the lending agency to recover some of the capital investment in the equipment from the borrowing agency. Training between the agencies can also be coordinated. Finally, there are some specialty services, such as highly technical laboratory testing that might be provided from one agency to another. It is anticipated that all of these ideas can be implemented in one form or another by two or more of the Tri-Valley utilities in the very near future.

In the short-term, there are specific routine services that could be provided by one agency's contractor to another agency, capitalizing on economies of scale. Examples include common reservoir cleaning and inspecting, fire hydrant maintenance, video inspection, landscape maintenance, fleet maintenance, subsurface repair, and custodial services. There are efficiencies to be realized by having one agency handle bidding, contract award, and contract administration for these routine services, rather than each agency contracting with a private sector service provider separately. For example, the City of Livermore performs a majority of its public landscape maintenance using a contractor. Livermore could extend those contract services to other agencies, such as Zone 7, saving Zone 7 administrative and managerial time administering its own private sector contract.

The primary vehicle to accelerate collaboration is a Tri-Valley Intergovernmental Reciprocal Services Agreement, which is currently being drafted by the Steering Committee and nearing completion. Such a Tri-Valley Intergovernmental Reciprocal Services Agreement could be quickly approved by the Zone 7 Water Agency, Dublin San Ramon Services District, the City of Pleasanton, the City of Dublin, the City of San Ramon, and the City of Livermore, if supported for adoption by the Utility Coordination Ad Hoc Committee. This Tri-Valley Intergovernmental Reciprocal Services Agreement would allow the General Managers and City Managers of the agencies through their designees to contract directly with each other for services and supplies through administratively approved task order sub-agreements. The focus of this task order agreement structure is to either consolidate private sector contracts for service provision (thereby saving on administrative and contract administration time), or to have agency staff take on some duties provided by contractors, which due to the nature of the work are economically inefficient. The primary intent is not to displace work of existing agency staff, but rather to either shift some work from one agency's contractor to another agency's contractor, or to have one agency perform the work that another agency's contractor might otherwise do. The use of any of these options would be for administrative convenience, and participation would be voluntary.

Although the economic gains from many of these collaborations will be quite modest, they do offer some benefit, and through practical application, inherently draw agencies into closer collaboration over time. The Steering Committee recommends finalizing and implementing a Reciprocal Services Agreement.

5. <u>Tri-Valley Utilities Coordination/Integration Study – Phase 1 - Overview</u>

In late 2012, the Steering Committee commissioned a study by Management Partners to develop and explore intermediate-term and major utility integration options for the Tri-Valley. The attached Management Partners "Tri-Valley Results of

Coordination/Integration Study – Phase 1" encapsulates earlier work by the Steering Committee, and builds upon that to suggest both intermediate-term operational coordination options, as well as options for major integration.

Management Partners' initial work focused on information gathering from the Tri-Valley utilities, followed by detailed case studies of utility integrations by other agencies. The case studies of other utility integrations were a major component of Management Partners' work. Unfortunately, Management Partners was unable to find any true "peer to peer" case studies of utility integration. Rather, the case studies developed by Management Partners emphasized situations where a financially weak or operationally deficient utility was embraced by a larger, more stable utility, to the economic benefit of both the larger and the smaller utility. As such, Management Partners notes that there is some limit to the applicability of these case studies to the Tri-Valley, where there are a number of mature, equivalently-sized, financially sustainable utility service providers with no identified deficiencies. Management Partners' study does note that there are some policy tools that could be applied from the case studies to smooth the implementation of any utility integration that might occur in the Tri-Valley, and identifies some obvious challenges to integration, which would need to be evaluated in a future integration study to fully assess the feasibility of utility integration. Perhaps the most salient observation from the case studies is the need for sustainable political will to support the process throughout. The following considerations when contemplating consolidation came out of the case studies:

1. Protect rate payers;
2. Carefully consider structure and governance;
3. Ensure enduring political will exists;
4. Consider the impact of infrastructure investment;
5. Consider full consolidation versus service integration;
6. Evaluate future potential sharing of services for stormwater utilities; and
7. Consider the role of the Local Agency Formation Commission.

An overview of Management Partners' conclusions follows in the next two sections, followed by the Steering Committee's assessment of the options developed by Management Partners.

6. <u>Intermediate-term Operational Coordination Options Suggested by Management Partners</u>

The primary focus of the Management Partners Report on utility coordination and integration is on "Operational and Support Service" options, and on "Major Agency Integration Options". The first category, "Operational and Support Service Options" are of an intermediate-term character, and could be implemented with closer coordination between agencies, yet within the context of existing governance structures.

One of the main avenues of this coordination is through contracting between the agencies for support services (fleet, I.T., meter reading, etc.) and/or cooperative ventures for these services. Whereas the short-term collaborations discussed previously minimize impacts to existing staff, the “Operational and Support Service” options may directly impact the staff of the agencies. The fifteen concepts proposed by Management Partners are listed below. Moreover, those concepts with the greatest potential are further noted with a recommendation by Management Partners for a detailed operational and economic analysis in a Phase 2 study, in order to fully assess feasibility:

1. Expand Utility Fleet Maintenance Integration (Recommended for Phase 2 Study);
2. Integrate Operation and Maintenance of Wells;
3. Integrate SCADA Systems for Pump/Lift Stations;
4. Integrate Water Conservation Programs (Recommended for Phase 2 Study);
5. Integrate Utility Information Technology (IT) Functions;
6. Integrate Inventory Control and Management (Recommended for Phase 2 Study);
7. Integrate Meter Reading Services;
8. Expand on Laboratory Services Integration (Recommended for Phase 2 Study);
9. Integrate Construction and Engineering Services;
10. Integrate Regulatory Compliance, Environmental Management, and Security/Vulnerability Systems;
11. Integrate Sewer Collection System Maintenance;
12. Integrate Water Distribution Systems Maintenance;
13. Integrate Closed Circuit Inspection of Sewers and Storm Drains (Recommended for Phase 2 Study);
14. Integrate After-Hours Call Out/Emergency Response (Recommended for Phase 2 Study); and
15. Create Contract Labor Pool Management.

Management Partners concludes that there are no fatal flaws with any of these concepts. The main benefit of this category of intermediate-term concepts is that they could be implemented at different times by different agencies or combinations of agencies. Thus, there is a maximum flexibility in implementing these operational strategies. A Phase 2 study would identify the economies of scale to the various agencies, what hurdles would need to be overcome, the timing of these strategies, and include the analysis to make a final recommendation on feasibility.

7. <u>Major and/or Long-term Integration Options Suggested by Management Partners</u>

In addition to the 15 intermediate-term options suggested by Management Partners, there are a myriad of more comprehensive long-term integration opportunities in the Tri-Valley that fall into a second category. One dimension of analysis examines what types of utility services should be provided. For example, perhaps only sewer utilities could be integrated. In contrast, perhaps only water utilities could be integrated. Or water and sewer, but not storm drain utilities could be integrated. The Management Partners Phase 1 Report defines ten possibilities based on utility function.

A second form of analysis looks at integration from a governance perspective. There is a wide range of theoretical alternatives for rethinking the governance or service delivery model of utilities. The most obvious is the “status quo” operation and governance of utilities. A second example is creation of a separate Tri-Valley-wide municipal utility district. A variation of this is creation of a consolidated joint powers authority, with existing agencies having some role in making or influencing policy decisions of the joint powers authority. Yet another option sees a greater emphasis on municipal provision of services, perhaps through a contract service provision by one or more cities to other agencies.

A third dimension of analysis combines the first two, and looks at different opportunities for utilities to be operated in different ways using different governance structures. The Phase 1 Report by Management Partners only touches on these possible combinations and dimensions. Essentially, the utility service and the governance structure can be “crossed” in a matrix type of analysis, and the most promising of the many permutations proceeds in a later analysis (possible Phase 3 study). As a practical illustration, it might be that sewer services would be provided through a utility district, water services provided by municipalities through contract to a joint powers authority, and storm drain services are provided “status quo” by municipalities. Or perhaps there is only limited integration, as determined by geographical factors and policy preferences. Additionally, different integration options could be implemented at different times between different agencies. There are many permutations when evaluating utility system and governance structures. The Management Partners Report begins to outline some of those possibilities, but further analysis would be needed in a later study to do a comprehensive qualitative and quantitative analysis.

Management Partners suggests two of the more significant integration efforts should be evaluated in a future study: Integration of stormwater functions (Option #1) and integration of recycled water functions (Option #2). The stormwater functions are recommended by Management Partners for immediate further study because this service has the greatest impact on cities’ general funds, and therefore cost savings through economy of scale in this area needs to be prioritized for study. The review of recycled water integration is recommended by Management Partners because the Tri-Valley’s recycled water systems are not yet fully developed and in the process of evolving, and therefore could be more easily integrated at this early stage. This is Option #2 in Management Partners’ list of options.

Management Partners notes that all of the other options would take 10 or more years to complete, that their success could build on the foundation of the success of stormwater integration and recycled water integration. Management Partners is therefore silent on further study of these other major integration options.

Management Partners has created a checklist of 24 implementation factors to consider in a future study of major/long-term options, which would place hurdles in the path of successful integration. Some of the most applicable to the Tri-Valley are as follows:

1. Governing body support for institutional changes (“political will”);
2. Identification of interested parties; and
3. Substantive variation amongst the agencies in the following areas:
    a. Public policies;
    b. Operational policies;
    c. Business practices;
    d. Revenue sources;
    e. Expenditure and cost allocation detail for administrative and other support functions;
    f. Existing debt service;
    g. Existing reserve levels and reserve policies;
    h. Condition of existing infrastructure (depreciation);
    i. Rate structures; and
    j. Planned development and capital improvements.

Future study, if directed, would be complicated because the different agencies have substantive policy diversity across so many factors. Moreover, there are differences in the physical condition of utilities based on timing of past growth and planned future growth. Some of these factors might be addressed through implementation of some kind of “equity charge (credit)” to “level the playing field” between different systems and groups of rate-payers. How such a mechanism would work will likely be very complicated from a public policy and rate-payer equity standpoint, and would require a detailed financial analysis.

The existing governance structures further complicate issues, with five types of governance structures in place already: municipality, independent district, dependent district, joint powers authority, and investor owned utility. The form of existing governance structures may constrain future action, as approvals from one or more other entities (California Public Utilities Commission, Alameda County Local Agency Formation Commission, Contra Costa Local Agency Formation Commission, State legislature, etc.) would be necessary before any implementation steps to change current governance structures could be taken.

8. <u>Steering Committee Analysis of Operational and Support Service Options (Intermediate-Term)</u>

The Steering Committee has completed a review of Management Partners’ study, and concludes that there are potential benefits that might justify consideration of proceeding with a detailed Phase 2 analysis of several of the intermediate-term “Operational and Support Service Options”. These options do not involve any change in governance, but do involve possible changes in coordinating operations between the agencies. A Phase 2 study (if undertaken) would provide the analysis to determine if any of the options was feasible, with total benefits outweighing the various negative factors.

The estimated cost of this level of study is in the range of $250,000 - $350,000, and could be shared by the City of Livermore, City of Pleasanton, Dublin San Ramon Services District, and Zone 7. It would not be proposed that the City of Dublin or the City of San Ramon directly participate in the cost sharing, because the rate payers in those jurisdictions would already be sharing in costs through their overlapping governance and service provision with Dublin San Ramon Services District, which serves Dublin and portions of San Ramon.

Because of the unknown scale of benefits and the significant financial investment to study relative benefits and costs of Operational and Support Service Options, the Steering Committee does not recommend proceeding with a formal Phase 2 study at this time. Rather, it is recommended that the Steering Committee select a number of ideas for staff exploration over the next 2-4 years. The concepts found to be most promising would be brought back for possible implementation. After appropriate ideas had been implemented, the issue of completing a formal Phase 2 study could be revisited. Based on Management Partners' suggestion, the Steering Committee would initially consult on the following options:

1. Expand Utility Fleet Maintenance Integration;
2. Integrate Water Conservation Programs;
3. Integrate Inventory Control and Management;
4. Expand on Laboratory Services Integration;
5. Integrate Closed Circuit Inspection of Sewers and Storm Drains; and
6. Integrate after-hours call-out/emergency response.

However, if proceeding with a Phase 2 study at this time is supported by the Utility Coordination Ad Hoc Committee, staff would seek final authorization to proceed with a Phase 2 study from the City Councils and District Boards of Directors and complete a study within 1 to 2 years.

9. <u>Steering Committee Analysis of "Major/Long-term Governance" Options</u>

The primary benefit of the major or long-term governance options surveyed by Management Partners is that there could be administrative economies of scale that would benefit rate payers in one or more agencies. The primary cost savings would be derived from efficiencies and eliminated redundancies at the executive management and administrative staff level. Field operations staff and front-line supervisors/managers are unlikely to be affected significantly by a change in governance or business management structure, as the scale of infrastructure and the operation of the utilities in the field is going to be the same, regardless of the organizational structure.

Although the preliminary review by Management Partners for medium and long-term integration options focuses on achieving economic efficiencies, other benefits may be realized. For example, there may be some opportunities for modest service enhancement as some of the integration options are implemented over time, although these enhancements (if any) are not yet identified.

After a Phase 2 study is completed (if directed), a Phase 3 study could be completed. A Phase 3 study that looks at fundamental changes in service provision and governance structures would be significantly more complex than a more limited Phase 2 study. Such a study would represent a major commitment by the agencies, recognizing that implementation of any feasible options arising from a Phase 3 study could involve a transformational relinquishment of policy control and oversight for one or more of the agencies.

It should be noted that Management Partners explicitly recommends proceeding immediately with a review of integrating stormwater functions and integration of recycled water functions as discussed previously, concluding that these two options will undoubtedly be successful. However, the Steering Committee has not reached a consensus on this conclusion that these two options are the most promising options. On the contrary, some Steering Committee members believe that one or both of these options shows little promise compared to other options.

The senior staff commitment for a study that evaluates one or more options would be quite substantial, and may detract from day-to-day administration and other program initiatives in the absence of additional staffing resources on an interim basis. Additionally, such a study will prove distracting to rank and file staff in the various agencies given the uncertainties of the process. Moreover, the allocation of financial resources will be greater for a major integration study, easily ranging from $500,000 to $750,000, with no certainty of a viable option being identified, which could be implemented in the medium-term (5-10 years). More likely is that one or more long-range options (20 years) will emerge, and if an acceptable option is adopted, will require a steady, gradual transformation towards a new governance and operational model in the Tri-Valley.

More optimistically, a foundation for ultimate success could be built with a committed long-term focus by the agencies. Although there are many challenges to a closer integration of utilities operation and governance, preliminary foundation work could be developed over a number of years and help build momentum to ultimate success. Examples of potential phased implementation steps include:

1. Negotiation and joint migration towards a common “policies and business practices” blueprint over a long transition period on such issues as renewal and replacement policies, reserve policies, labor relations policies, rate structure policies, debt policies, and development impact fee policies.

2. Negotiation and implementation of an “equity charge (credit)” that addresses systemic inequities and variations in past business practices, which would be implemented over several years.

Major integration of utilities operations with adaptive governance structures offers the potential for economic efficiencies at the executive and administrative level. For example, if the agencies were willing to phase out jointly as many as 40 administrative and executive level positions, there could be aggregate savings of as much as 5% - 10% in total rate payer costs in the Tri-Valley. Obviously, rate payers from various agencies would benefit more or less than this “average savings”. The maximum potential savings in aggregate and to the rate payers in individual agencies is not known yet, and could be evaluated in a Phase 3 study.

Moreover, in addition to economic efficiencies, major integration offers the hope of greater system and operational redundancy than exists now in the Tri-Valley. Although physical utility interties exist in the Tri-Valley, there is not yet formal operational integration, nor policy integration, which might yield greater Tri-Valley-wide operational redundancy.

To realize all the benefits of long-term integration, other stakeholders would need to be involved in the process, including (but not limited to) the Alameda County Board of Supervisors, the Contra Costa County Board of Supervisors, the Alameda County Local Agency Formation Commission, the Contra Costa County Local Agency Formation Commission, the California Public Utilities Commission, and potentially the State Legislature. Some viable options that might be identified in a Phase 3 study would need the support or consent of one or more of these major stakeholders.

The “bottom line” assessment is that comprehensive long-term utility integration is going to require a significant commitment of resources, and focus on gradual adaptive change by all affected parties over a number of years to set the stage for ultimate success. The road would not be easy, with many issues including equity issues to be resolved. But this “high risk” opportunity might be balanced with potential “high reward” for rate payers. These opportunities and costs would be evaluated in a comprehensive Phase 3 study, if directed.

There are several options for the Utility Coordination Ad Hoc Committee, and ultimately the respective Boards and Councils, to consider regarding major/long-term integration options as follows:

1. Do not begin work on a Phase 3 study;
2. Defer decision on a study to a later date, when the opportunity might be more ripe to seriously evaluate a transformation of governance structure;
3. Begin study within one to two years, immediately following completion of the intermediate Phase 2 study; and
4. Proceed immediately with the Phase 3 study, concurrently with (or in lieu of) a Phase 2 study, to be completed within one to two years.

Based on consideration of all the various factors, the Steering Committee concludes that the time is not ripe for study of major long-term integration options. At the present time and perhaps before the issue of Zone 7's independence from Alameda County is fully resolved one way or the other, there are no obvious options that could easily be implemented in the near or intermediate-term.

However, if the Utility Coordination Ad Hoc Committee is inclined to favor proceeding with a Phase 3 study of major/long-term integration options, then the Steering Committee suggests that at a minimum the following options be fully analyzed, compared, and contrasted with each other:

1. The "status quo" baseline option;
2. A cooperatively managed Tri-Valley recycled water utility (joint powers authority or contract management between agencies), as suggested by Management Partners;
3. A joint powers authority, operated through municipal provision of services by contract to other municipalities and districts; and
4. A fully consolidated utility district, with municipalities relinquishing control of utilities.

The cost to complete such a comprehensive review is estimated in the $500,000 to $750,000 range, and would also involve significant staff time, which is not currently budgeted.

NEXT STEPS:

Staff intends to proceed with the following steps:

- Staff would continue administrative implementation of near-term coordination opportunities identified by the Steering Committee in 2013.
- Staff would present the findings of Management Partners' Phase 1 Study and the Steering Committee's analysis to LAFCo, and confirm that further study is needed by the Tri-Valley utility agencies before the agencies would be prepared to make a request of any action by LAFCo.
- Staff would finalize and present to the City Councils and District Boards of Directors the Tri-Valley Intergovernmental Reciprocal Services Master Agreement for final execution in 2014.

Attachment: Management Partners Phase 1 Report

Respectfully Submitted:

Maria Fierner
Director of Engineering Services
City of San Ramon

Gary Huisingh
Public Works Director
City of Dublin

Jill Duerig
General Manager
Zone 7 Water Agency

Bert Michalczyk
General Manager
Dublin San Ramon Services District

Daniel McIntyre
Public Works Director
City of Livermore

Daniel Smith
Director of Operations Services
City of Pleasanton

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

ORIGINATING SECTION: Employee Services
CONTACT PERSON: Tom Pico/Ginger Staton

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

SUBJECT: Consideration of Action to Increase the Compensation of Members of the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District

SUMMARY:

- Pursuant to the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy" adopted by the Board on March 15, 2006, a review of the Board's remuneration is conducted on a biennial basis.
- Attached are the results of the 2014 compensation survey of comparable water agencies' boards of directors.
- The Board's current compensation, effective June 21, 2008, is $159.99 per meeting. Following the 2012 biennial review, the Board increased the maximum number of meetings from four up to ten meetings per month.
- The annual Consumer Price Index (CPI) increase for the San Francisco-Oakland-San Jose area for 2012 was 2.7% and 2013 was 2.2%.
- The mean compensation level of the agencies surveyed is $175.13 per meeting. Based on these results, the Board may wish to consider the following options:
    - Option 1: maintain the compensation at the current $159.99 per meeting.
    - Option 2: set the compensation for the fiscal years 2014/2015 and 2015/2016 at the mean derived from the current market compensation salary survey ($175.13, an increase of approximately 9.46%).
    - Option 3: since the board has taken no increase since 2008, and per the Water Code Section 20200 et seq., 5% per year increase is allowed; up to 30% increase could be granted this year (up to $207.98).

FUNDING:
Funds for these costs are available in Fund 50 – General/Flood Control and Fund 52 – Water Enterprise.

RECOMMENDATION:
Discuss and direct staff to either:

A) Schedule public hearing on April 16, 2014 to adopt Ordinance to increase Board Compensation, or
B) Consider taking no action; i.e., to adopt no increase for fiscal years 2014/2015 and 2015/2016.

ATTACHMENT:
Memo providing additional background and discussion.

MEMORANDUM

DATE: March 5, 2014

TO: Jill Duerig, General Manger

FROM: Tom Pico, Employee Services Manager
Ginger Staton, Human Resources Analyst II

SUBJECT: Consideration of Action to Increase the Compensation of Members of the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District

SUMMARY:

At the March 15, 2006 Board meeting your Board adopted the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy" which provides for a review of the Board's remuneration on a biennial basis. Attached are the results of the 2014 compensation survey of comparable water agency's board of directors. The Board's current compensation, effective June 21, 2008, is $159.99 per meeting. In 2012, the Board voted to increase the maximum meetings from four to up to ten meetings per month but to maintain the current level of compensation per meeting.

Since the 2012 vote, the annual Consumer Price Index (CPI) increase for the Oakland-San Francisco-San Jose area for 2012 was 2.7% and for 2013 was 2.2%. The mean compensation level of the agencies surveyed is $175.13. Based on these results, the Board may wish to consider the following options.

One option is to maintain the compensation at the current level of $159.99 per meeting. Another option is to set the compensation for fiscal years 2014/2015 and 2015/2016 at the mean derived from the current market compensation survey ($175.13, an increase of 9.46%). Another option the Board may consider is to take an increase of up to 30% given that an increase of up to 5% per year may be taken since the last increase which was in 2008.

BACKGROUND:

Water Code Section 20200, *et seq.*, governs compensation levels for Zone 7 Board Members. The statute provides the directors can be paid $100.00 per day of service rendered. If the Board members already make $100.00 per day, the amount can be increased by an amount not to exceed 5% for each year following the last adjustment. The last adjustment took effect June 21, 2008, increasing the compensation by 3.9% to $159.99 per day of service rendered.

Based on the adoption of the Board's policy of reviewing the remuneration biennially for the Zone 7 Board, attached is the survey for the year 2014. Based on past practice, the Board has considered the mean of comparable water agencies as the benchmark for compensation.

The following comparable water agencies were surveyed:

- Alameda County Water District
- Contra Costa Water District
- Dublin San Ramon Services District
- East Bay Municipal Utility District
- Marin Municipal Water District
- Santa Clara Valley Water District

Page one of the attached Board of Directors Compensation and Benefit Survey provides a summary listing each agency, compensation amount per meeting, maximum number of meetings per month, maximum compensation per month and the group benefits cost (minimum to maximum per month). The Survey also includes the mean for the agencies and a comparison to the compensation and benefits that are provided for the Zone 7 Board of Directors. Pages two through four of the Survey provide a more in-depth description of the total packages provided and any limitations.

DISCUSSION:

In comparing, the data surveyed for the year 2012 versus the current data the changes were primarily in the cost of group benefits. Two of the agencies increased their board compensation. Marin Municipal Water District increased their compensation from $145.00 per meeting to $174.00 per meeting. East Bay Municipal Utility District increased their flat monthly payment from $1,093.00 to $1,120.00 and will increase again effective January 1, 2015 to $1,154.00. The mean for the agencies surveyed is $175.13 per meeting.

The annual Consumer Price Index (CPI) for the Oakland-San Francisco-San Jose area for 2012 was 2.7% and 2013 was 2.2%.

The maximum compensation increase allowed under Water Code Section 20200 is 5% per year. The mean of the agencies surveyed is $175.13. Based on these results, the Board may consider setting the compensation at the mean for fiscal year 2014/2015 and 2015/2016, to $175.13 per meeting. Furthermore, since the board has taken no increase since 2008, and the Water Code allows 5% per year increase, up to 30% increase could be granted this year (up to $207.98).

Under the above scenarios, the maximum increased cost for the 2-year period for fiscal year 2014/2015 and fiscal year 2015/2016 would be:

- No cost increase if compensation levels remain as is.
- $25,435.20 to bring the compensation to the mean (or $12,717.60 per year).
- $80,623.20 to increase the compensation up to 30% (or $40,311.60 per year).

This estimate is based on all seven directors attending ten meetings each month of the year.

ATTACHMENT:

Board of Directors Compensation and Benefit Survey January 2014

January 2014

AGENCY	AMOUNT PER MEETING	MAXIMUM MEETINGS PER MONTH	MAXIMUM COMPENSATION Per Month	GROUP BENEFIT COSTS Minimum to Maximum per Month
Alameda County Water District	$175.00	8	$1,400.00	$657.33 to $2,175.13
Contra Costa Water District	$100.00	10	$1,000.00	$844.43 to $2,189.49
Dublin San Ramon Services District	$146.00	10	$1,460.00	~$591.00 to ~$1,535.00
East Bay Municipal Utility District	*		$1,120.00	$692.93 to $1,931.41
Marin Municipal Water District	$174.00	10	$1,740.00	$610.44 to $1,220.88
Santa Clara Valley Water District	$280.63	10	$2,806.30	$569.95 to $1,771.64
Mean	$175.13	9.6	1587.72	$661.01 to $1,803.93

*Flat Rate

Zone 7	$159.99	10	$1,599.90	$0**

** No group benefits offered currently

January 2014

AGENCY	GROUP BENEFITS	COMPENSATION	MAXIMUM COMPENSATION	BUSINESS EXPENSE REIMBURSEMENT	LIMITATION AUTHORIZATIONS
Alameda County Water District	Heath, Dental, Vision, Retirement District pays full cost of health, dental and vision premiums. Cost range from: $657.33 to $2,175.13/month	$175.00 for each Board or Committee meeting attended, conferences, seminars, workshops tours, and other Board authorized meetings and activities.	Not to exceed 8 meetings per month; $1,400.00 per month	Reimbursed for reasonable expenses (transportation, mileage, lodging, meals.) necessarily incurred while conducting District business.	Directors are reimbursed for any expenses incurred in the performance of his/her duties required or authorized by the Board. All activities for which expense reimbursement is sought must be approved in advance by the Board.
Contra Costa Water District	Health, Dental, Vision, EAP, Life $10,000.00 or $100,000.00 with Evidence of Good Health, Retirement District pays full cost of medical, dental, vision, EAP, and life premiums. Cost range from: $844.43 to $2,189.49/month	$100.00/day for District activities, Board is compensated for service rendered as a Director at the request of the Board and for attendance at conferences (such as the semi-annual ACWA conferences) or for meetings with local government agencies, service organizations, or civil groups if: • Invited to deliver a speech • Serve as a panel member or • Board approves participation in advance	Not to exceed $1,000.00 per month.	Reimbursed for reasonable expenses (transportation, mileage, lodging, meals) necessarily incurred while conducting District business.	Travel must be authorized in advance by Board.
Dublin San Ramon Services District	Health, Dental, Vision, AD&D, Life $50,000.00 District pays full cost of dental, vision, AD&D, and life premiums. Cost range for medical from: ~$591.00 to ~$1,535.00 Board members are allowed to participate in flexible District Benefits (Deferred Comp Program with 25% employer match up to $10 per calendar month; Purchase additional life insurance at Employee Cost).	$146.00 per meeting	Not to exceed a total of 10 meetings per month; $1,460.00 per month	Reimbursed for actual expenses for traveling to District related conferences, workshops and Board related business.	Approval by Board President for travel outside of 9 Bay Area counties. Mileage reimbursed outside 9 Bay Area counties.
East Bay Municipal Utility District	Health, dental, retirement, vision, 401(k)m 457 plans Dental and Vision premium is paid in full by District; Health premium is paid in full by District for Director and family; Health premium is paid in full Director but depending on plan could pay 15% of premium for family. Cost range from: $692.93 to $1,931.41	$1,120.00 per month – Salary (flat rate)	A Director must attend a minimum of three meetings per month (includes regular business meetings, standing committee meetings, special meetings, retirement board meetings, and closed session meetings). In the event a Director is assigned to attend less than 6 meetings of the Board in one month, he or she must attend a minimum of 50% of the assigned meetings. Board President may excuse a Director's absence from an assigned meeting.	Reimbursement for actual expenses that are incurred in the performance of duties authorized or requested by the Board	Salary not paid for any month in which minimum number of meetings are not attended, unless absence is excused by the Board President President of the Board authorizes expenses. Advance approval is required to: • Attend conferences, seminars, or similar activities • Travel to destinations in excess of 150 miles from District or for overnight lodging > 1 night.

January 2014

AGENCY	GROUP BENEFITS	COMPENSATION	MAXIMUM COMPENSATION	BUSINESS EXPENSE REIMBURSEMENT	LIMITATION AUTHORIZATIONS
Marin Municipal Water District	Health, Dental, No Vision, No Retirement District pays full cost of dental and health premiums. Board Members share cost of health plan premiums for family members. Dental cost is $122.07/month. Cost range from: $610.44 to $1,220.88	$174.00 per day of service	Not to exceed $174.00 per day Or Compensation for more than 10 days of service in any calendar month: $1,740 per month	Each Director is reimbursed for all reasonable Board authorized or requested expenses actually incurred in performance of duties	Any Board member attending meetings, workshops, conferences, e.g. ACWA, at the request of the Board, are compensated for costs incurred. Authorization for travel and expense reimbursement shall be limited to conferences, meetings and other functions from which the District derives a specific benefit through attendance. Only that travel/attendance which serves a District purpose and is deemed necessary and/or advantageous to the District shall be approved and reimbursed. • Breakfast - $12 • Lunch - $15 • Dinner - $25 Elected or appointed officials may receive a meal allowance in excess of IRS regulations, but the meal allowance shall not exceed $52 per day, which includes taxes and tips.
AGENCY	**GROUP BENEFITS**	**COMPENSATION**	**MAXIMUM COMPENSATION**	**BUSINESS EXPENSE REIMBURSEMENT**	**LIMITATION AUTHORIZATIONS**
Santa Clara Valley Water District	Medical, Dental , Vision Care , EAP, Life Insurance (equal to one times their annual maximum meeting per diem), Travel Accident Insurance (while traveling on district business) Optional: Personal Accident Insurance, Deferred Compensation 457 Plan (no district matching) Cost range from: $569.95 to $1,771.64/month 15% cost sharing on monthly premium for medical only; dental and vision remains free	$280.63 for each Board or committee meeting attended, conferences, seminars, workshops, tours and other Board authorized meetings and activities.	Not to exceed 10 meetings per month; $2,806.30 per month. If the 10 meetings are exceeded, Board members are reimbursed for transportation, meals or any reasonable related expenses.	Reimbursed for expenses incurred for conferences, travel, lodging and meals (reimbursement limit $2,500).	Annual FY reimbursement limited to $2,500 per Director, for services, activities or pursuits in office as provided in Board policy.
Zone 7	None	$159.99 per day for each day's attendance at meetings of the Board, or for each day's attendance at regular, special and/or committee meetings of the Board and for each day's service eligible for compensation pursuant to Section B of the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy."	Not to exceed 10 days in any month: $1,599.90 per month.	Reimbursed for actual and necessary travel expenses in performance of agency business.	Transportation expenses within Bay Area counties limited to mileage, public transit fares, parking and bridge tolls unless Board specifically authorizes other. Outside the Bay Area, if private vehicle is used, payment may not exceed the economy or coach round trip airfare.

NOT YET REVIEWED BY PARTICIPATING AGENCIES!

Preliminary Draft Minutes
Meeting of the Utility Coordination Ad Hoc Committee

WEDNESDAY, MARCH 5, 2014
1:00 P.M.

THE MARTINELLI EVENT CENTER
3585 GREENVILLE RD
LIVERMORE, CA 94550

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1. CALL TO ORDER – The meeting of the Utility Coordination Ad Hoc Committee was called to order by Mayor John Marchand at 1:07 pm, in the Martinelli Event Center, 3585 Greenville Road, Livermore, California.

1.01. Roll Call – Present: City of Dublin Mayor Tim Sbranti, City of Dublin Vice Mayor Don Biddle, City of Livermore Mayor John Marchand, City of Livermore Vice Mayor Bob Woerner, City of Pleasanton Mayor Jerry Thorne, Dublin San Ramon Services District Director Edward R. Duarte, Dublin San Ramon Services District Director Dawn L. Benson, Zone 7 Water Agency Board Member Sarah Palmer, Zone 7 Water Agency Board Member Angela Ramirez Holmes, Zone 7 Water Agency President Bill Stevens, City of San Ramon Councilmember Harry Sachs

1.02. Pledge of Allegiance

2. CITIZENS FORUM

No members of the public spoke.

3. MATTERS FOR CONSIDERATION

3.01. Discussion regarding the Phase 1 of the Tri-Valley Utility Coordination/ Integration Study and a shared services agreement. (Action)

City of Livermore Public Works Director, Dan McIntyre and Jan Perkins of Management Partners presented the report.

Dan McIntyre said the purpose of the Ad Hoc Committee Meeting was to receive feedback from elected officials about the Phase 1 Management Partners Report and the Steering Committee's work. A staff level Steering Committee formed by the

General Managers, Assistant General Managers, and Department Directors has been guided by cooperative principles and the Steering Committee has reviewed the Phase 1 Study. A conclusion of the Steering Committee is that there are a diversity of policy perspectives in the Tri-Valley. There are no known deficiencies in the Tri-Valley's utilities. There are opportunities for further short-term cooperation, such as a Reciprocal Services Agreement that would allow for sharing of resources between agencies. A Draft Reciprocal Services Agreement is not available at this time for the Utility Coordination Ad Hoc Committee review but staff is working on it.

Jan Perkins said Management Partners conducted district case studies interviewing utility agencies that have integrated/coordinated services. She said the studied agencies were not representative of the Tri-Valley agencies, but provided lessons. She said Phase 2 with a focus on Operations and Support offers the most flexibility; any major integration between the Agencies was far into the future and would require consensus. Service integration in not easy as agencies must consider driving factors, the most important of which is the governing bodies must support service integration.

Dan McIntyre said the current work completed thus far by the Steering Committee for Tri-Valley Water, Recycled Water, Sewer, and Stormwater Utilities in the Tri-Valley Utilities Results of Coordination/Integration Phase 1 Study represents 10% to 20% of the total work needed to complete a fully comprehensive integration study, which could be done in subsequent Phase 2 operational integration study and a Phase 3 major integration and governance options study. The current study has not gone far enough to quantify and identify the economic benefit to ratepayers from changes in governance structures. A change in governance structures could be covered in a Phase 3 study.

Dan McIntyre indicated that the Steering Committee recommends that the Utility Coordination Ad Hoc Committee: 1) express support for a Reciprocal Service Agreement concept for collaboration and sharing of resources in the near term, 2) defer any formal study of operational integration operations, 3) ask staff to informally consult directly on feasible operational integration options and implement those that are feasible, 4) ask staff report back on progress in 2-4 years, 5) recommend not proceeding with a Phase 3 governance study, and 6) make a report to LAFCo on the Phase 1 study.

Angela Ramirez Holmes Zone 7 Water Agency Board Member asked how the Steering Committee would like feedback.

In response, Dan McIntyre said this meeting was an opportunity to receive comments, discuss, and define the collective process beyond this discussion; there is no current process defined. Any process suggestions would require the approval of the Agency Councils and Boards.

Sarah Palmer Zone 7 Water Agency Board Member said the Case Studies presented in the report noted indicated other agencies had taken action because there was ample opportunity for improvement through coordination and integration. The Tri-Valley Utility Agencies are healthy. Additional study for further integration/coordination between the agencies does not seem necessary.

Jerry Thorne City of Pleasanton Mayor said the next phase of study seemed excessive.

Bob Woerner City of Livermore Vice Mayor agreed the cost of further study may not be a beneficial expenditure when there were no big issues to solve. He asked what problem this effort is trying to solve. He asked what there cost issues were. Costs can be saved by reducing personnel. He asked how many utility staff are employed by the agencies.

In response to Vice Mayor Woerner, Steering Committee staff said the City of Livermore utility has 60 FTE, Dublin San Ramon Services District has 110 FTE, Zone 7 Water Agency has 110 FTE, and City of Pleasanton has 35 FTE.

Vice Mayor Woerner said utility coordination/integration would reduce administrative level staff and asked if this was the desired action and if there was the political will to undertake this action

Tim Sbranti City of Dublin Mayor said there might be managerial savings but the cost of major study may not make a Phase 2 or 3 study effort worthwhile. Efficiencies could be found even though nothing is broken. It is good to keep working at the current staff level.

In response to Mayor Sbranti, staff stated that collaborations include a water wholesaler's meeting, LAVWMA, Tri-Valley Water Retailers Group, and Dublin San Ramon Services District and City of Pleasanton meet annually to discuss formal structures.

John Marchand City of Livermore Mayor said he had some experience with consolidation in his career. All of the Tri-Valley Agencies are robust and some opportunities for shared resources at staff level exist, shared resources at governance level are not needed.

Angela Ramirez Holmes Zone 7 Water Agency Board Member asked about staff recommendations on governance options and how Phase 2 and Phase 3 studies might proceed.

In response to Board Member Holmes, Dan McIntyre said the Steering Committee did not reach a consensus that Management Partners recommendation to immediately proceed with a review of integrating stormwater functions and integration of recycled water functions would result in a fiscal benefit. He said that the Phase 2 and Phase 3 studies could be completed sequentially, or simultaneously.

Angela Ramirez Holmes Zone 7 Water Agency Board Member referenced the Case Studies noted in the report and asked at what point did the political will become enough to push action forward.

In response to Board Member Holmes, Jan Perkins said public opinion did not come up in the district case study interviews.

Harry Sachs City of San Ramon Councilmember inquired who provides and consumes recycled water services.

In response to Councilmember Harry Sachs, staff said the Cities of Livermore and Pleasanton, and Dublin San Ramon Services District participates in recycled water.

Harry Sachs City of San Ramon Councilmember asked if there were opportunities for synergy for agencies to move forward on integration of recycled water functions, cost of studies aside. The research completed to date is a valuable resource. Perspectives could change as circumstances change, and the drought makes the situation precarious. He asked if there could be partnerships with East Bay Municipal Utilities District (EBMUD) and Dublin San Ramon Services District (DSRSD).

Nelson Fialho, City of Pleasanton City Manager said the City of Pleasanton does not have a recycled water plant and the City relies on agency partners.

John Marchand City of Livermore Mayor said recycled water is less expensive to build in new, undeveloped areas but expensive in built out areas. He said the best opportunities integrating recycled water functions are realized at the staff level. EBMUD doesn't use well water. Recycled water adds salts to the ground water.

Harry Sachs City of San Ramon Councilmember said the report was well prepared and it is a good to have this conversation.

Jerry Thorne City of Pleasanton Mayor said he initially believed that reducing overhead would result in savings. He suggested the Utility Coordination Ad Hoc Committee not overcomplicate this project. A 10% savings is not worth the cost of future studies. He said the agencies should move ahead with further studies only if the cost-benefit analysis warranted the action.

Tim Sbranti City of Dublin Mayor said the greatest value of the study identifies opportunities for all agencies, staff, policymaker, and accountability. He supported moving forward with the Steering Committee's recommended options to support feasible short and intermediate term coordination/cooperation concepts; defer a formal Phase 2 Study of operational integration, but have staff continue to informally evaluate the feasibility of some options; table a Phase 3 study of complete integration; and provide an update to LAFCo.

Sarah Palmer Zone 7 Water Agency Board Member asked how LAFCo got this issue.

In response to Board Member Sarah Palmer, Mona Palacios LAFCo Executive Officer, said LAFCO's suggestion that the utility operators of the Tri-Valley consider forming a consolidated municipal utility district to provide all of the water and sewer utilities for the Tri-Valley was the result of a suggestion in a staff report, not the result of a formal application, petition, or identified after a grand jury investigation. It was decided to let the agencies move forward with a study. A report to LAFCo is recommended.

Margaret Tracy Member of the Public said the agencies have a public responsibility to protect ground water. Use of recycled water could damage and reduce ground water quality for the next 50 years. She said reduced water quality could affect the reproduction cycles.

John Marchand City of Livermore Mayor said Margaret Tracy's input was valuable; the committee is currently is considering shared resources. Agencies address recycled water policy on an agency-by-agency basis. It seemed the Utility Coordination Ad Hoc Committee was leaning toward supporting the Steering Committee's recommendation.

Margaret Tracy said she was concerned about endocrine disruptors.

Bill Stevens Zone 7 Water Agency President said integration of stormwater and recycled water should not be considered. The Zone 7 Water Agency does stormwater management in the Valley. It is ineffectual to study only one service because the effect of services is interrelated.

Angela Ramirez Holmes Zone 7 Water Agency Board Member supports conducting a public opinion poll and cost-benefit analysis to determine actual rate-payer savings. It is less expensive to study service integration concurrently than dividing the research into phases. She expressed concerns about the cost of starting a study and then stopping again.

John Marchand City of Livermore Mayor asked if a Phase 1 Study has ever been completed before.

In response to Mayor Marchand, staff said a Phase 1 study of the Tri-Valley utility operators forming a consolidated municipal utility district to provide all of the water and sewer utilities for the Tri-Valley had never been conducted in the past 25 years.

Bob Woerner City of Livermore Vice Mayor said the public may state they are confused about water services in the Valley in a public opinion poll.

ON THE MOTION OF BOB WOERNER CITY OF LIVERMORE VICE MAYOR, SECONDED BY DON BIDDLE, CITY OF DUBLIN VICE MAYOR MOVED TO SUPPORT STAFF RECOMMENDATIONS.

Edward Duarte Dublin San Ramon Services District Director stated that there is not a duplication of effort, and the agencies owe it to the rate payers to examine how not to duplicate services. He supports the Steering Committee recommendation for short and intermediate term coordination/cooperation concepts to reduce overlaps in service, but not at a study expenditure of $250,000 which seems high.

Tim Sbranti City of Dublin Mayor said the Utility Coordination Ad Hoc Committee should reconvene in 6 months or a year to receive task status report back.

Harry Sachs City of San Ramon Councilmember agreed with Mayor Sbranti.

John Marchand City of Livermore Mayor said the Steering Committee should report back to their respective Boards.

Tim Sbranti City of Dublin Mayor said the Utility Coordination Ad Hoc Committee should reconvene next month. He asked how much the next phase of the study would cost.

In response to Mayor Sbranti, Jan Perkins said it would be difficult to estimate the cost to analyze the agencies functions in detail. It would depend on the number of factors considered and the number of agencies involved.

Harry Sachs City of San Ramon Councilmember asked what the Steering Committee could report back on in six months.

In response to Councilmember Sachs, Bert Michalczyk Dublin San Ramon Services District General Manager said the Draft Reciprocal Services Agreement would be executed and one of the most easily attainable operations and support integration opportunities would be completed in the next six months.

Jill Duerig Zone 7 Water Agency General Manager said all the agencies would like to have a success story, but funding resources are not available. Two to four years is a more reasonable amount of time to complete the operations and support integration opportunities.

VICE MAYOR BOB WOERNER AMENDED THE MOTION TO INCLUDE STEERING COMMITTEE MEMBERS TO REPORT BACK IN ONE YEAR TO INDIVIDUAL COUNCILS AND BOARDS.

THE MOTION WAS SECONDED BY SARAH PALMER ZONE 7 WATER AGENCY BOARD MEMBER AND CARRIED ON AN 11-0 VOTE.

4. ADJOURNMENT – at 2:36 pm.

3/19/14 Board Written/narrative comments by Dick Quigley

Feb 14: Teleconference Region 5 board meeting event planning for ACWA

Region 5 Santa Cruz event: Sunday, March 23 & Monday, March 24. Seacliff Inn. Program agenda is: "Working Together in Dry Times, How the Santa Cruz Water Community is Collaborating for Solutions."

Feb 24 - 27: Attended ACWA Annual DC Conference

At ACWA DC conference, key California water issues and messages were shared with House and Senate members of the California delegation. ACWA had several joint programs in conjunction with the California Association of Sanitation Agencies, including a joint briefing visit to Congressman McNerney's office that Dawn Benson (DSRSD) and I participated in.

The Key messages carried in a Federal Briefing Book included:

On line Resources
2014 California Drought
State Water Action Plan
2014 Water Bond

On Water Supply messages included:

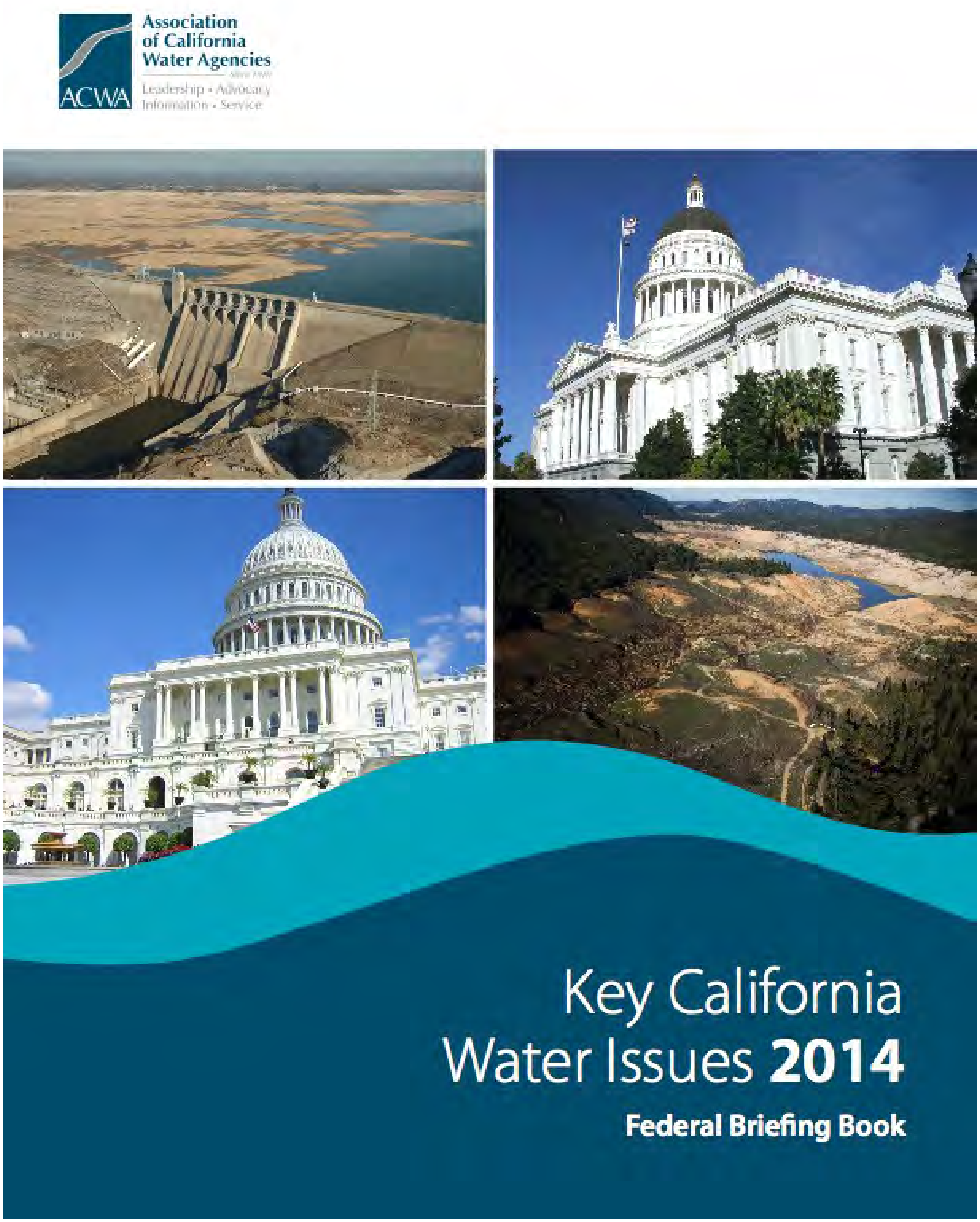
Current Zero allocation (unprecedented)
Endangered Species Act
Water Storage
Bureau of Reclamation
Water Recycling and Desalination
USGS Programs

My notes suggest potential new watershed protection and recycling funds having a high probability of becoming available through the Water Resources Development Act (WRDA) bill and a new Environmental Quality Incentives Program (EQUIP).

It is with pleasure that I report that according to my count of the Feb 25-27 attendee roster, Region 5 had nine attendees. Three were Region board members (John Weed, Lesa McIntosh and me). Others included: Bob Brower, Jeanne & Ray Byrne and General Manager David Stoldt from Monterey Peninsula Water District (MPWMD) along with John Coleman, EBMUD, and Christy Marani, Central Water District, Aptos.

I also visited with Eric Garner from the Los Angeles' Best Best & Krieger office at the ACWA DC Conference. He is interested in Region 5 events and getting involved as his firm has clients in the Santa Cruz-Monterey area and Livermore Valley.

NOTE BRIEFING BOOK:



Left to right - Kathy Teegs ACWA VP, Congressman Eric Swalwell, ACWA Pres John Colman, and yours truly!

Yours truly with Sen Diane Feinstein

Tuesday 2/25 the ACWA group met and split into four groups carrying targeted messages to Cal legislators. I was a part of the Drinking Water & Energy group.

ACWA's 2014 Washington, D.C. Conference—Issue Groups

MEETING ROOM AND TIME: Tuesday, Feb. 25, 2014- The Hill Room at 8:30 am.

STATEWIDE WATER ACTION PLAN:

John Coleman – Group Leader
Randy Record
Dave Eggerton

Kathy Tiegs
Glen Peterson
Tim Quinn - ACWA
Cindy Tuck - ACWA

John Coleman's Cell (510) 590-0238
Tim Quinn's Cell (916) 606-3124
Cindy Tuck's Cell: (916)-869-6725

INFRASTRUCTURE & AGRICULTURE:

Harvey Ryan– Group Leader
Oscar Gonzalez
Mary Aileen Matheis

Debi Livesay
Jolene Walsh
Charles Gibson
Josh Abel - ACWA

Josh Abel's Cell: (202) -258-1201

WATER SUPPLY:

Linda Ackerman – Group Leader
Steve LaMar
Jo Lynne Russo-Pereyra

John Rossi
John Weed
David Reynolds (ACWA)

Linda Ackerman's Cell (916) 612-9263
David Reynolds' Cell (202) 255 9648

DRINKING WATER & ENERGY

Dee Zinke– Group Leader
Paul Sciuto
Dick Quigley

Ron Sullivan
Randall Reed
Abby Schneider – ACWA

Dee Zinke's Cell: (949)878-2029
Abby Schneider's Cell (202) 531- 8568

We carried the following list of ACWA talking points:

Talking Points Regarding Federal Legislation

- Three bills have been introduced in the Congress with respect to the California water crisis: S 2016 (Feinstein, Boxer); an identical bill in the House authored by Congressman Costa; and HR 3964 (Valadao)
- The ACWA Federal Affairs Committee adopted a position of support, if amended for all three bills
- ACWA President John Coleman issued a statement calling for federal action and passage of a bill with bipartisan support consistent with ACWA policy principles; the Coleman statement specifically calls for a change in how ESA is implemented in California consistent with the ACWA ESA Implementation Policy Principles
- With Respect to the Feinstein bill:
  - ✓ S 2016 seeks to change ESA implementation administratively without changing the underlying statute
  - ✓ ACWA does not object to any of the provisions in the bill; taken as a whole, these measures would move ESA implementation significantly toward the coequal goals of California law and consistent with ACWA board policy
  - ✓ These provisions are overall significant improvements and ACWA supports removing the provision that calls for them to sunset
  - ✓ ACWA supports adding expansions of Los Vaqueros and San Luis Reservoirs to the authorization list
- With Respect to the Valadao Bill:
  - ✓ HR 3964 seeks to change ESA implementation by changing the underlying statute
  - ✓ While both bills seek similar outcomes, the approach of Congress directing administrative action without changing the statute appears more promising
  - ✓ ACWA does not support the language terminating the San Joaquin River Restoration Agreement
  - ✓ ACWA supports adding expansions of Los Vaqueros and San Luis Reservoirs to the authorization list
  - ✓ The legislation should be crafted in a manner that assures there will be no shifting of water supply risk among ACWA members

Wednesday was kicked off with the Obama Administration Speakers Program: Mike Connor, Secretary, Bureau of Reclamation, followed by Assistant Administrator for Water, then Acting Chair White House Council on Environmental Quality.

The afternoon featured a Congressional Speech Program and Senator Feinstein and Congressman Valadao were the highlights for me. Ms. Feinstein spoke about her S.2016, brought copies and information to handout and was prepared for a robust Q&A. Bill Emergency Funding and operational flexibility mandates involving SWP and CVP were highlighted. At issue is the bill sunsets when the Governor declares the drought over. The Valadao bill and others offer a longer time horizon which seems to have an opportunity for a positive outcome for California water through conference committee. It appears to me the Feds seem to want to do something constructive. This was refreshing! Congressman Garamendi spoke and gave his version of a solution and a handout. Congressmen Swalwell, Huffman, McClintock, LaMalfa, Calvert, and Costa also spoke to us. It was an honor and privilege to participate and represent Zone 7 and ACWA.

March 12: Attended a City of Pleasanton EBRPD liaison committee meeting as a public member.

East Bay Regional Park District

THE CITY OF PLEASANTON

CITY OF PLEASANTON - EAST BAY REGIONAL PARK DISTRICT
LIAISON COMMITTEE
Alviso Adobe – 3465 Old Foothill Road
Pleasanton, CA 94588
Wednesday, March 12, 2014 at 2:30 p.m.

The following agenda items are listed for Committee consideration. No official action of any agency will be taken at this meeting; rather, the Committee's purpose shall be to review the listed items and to consider developing recommendations for future actions.

AGENDA

STATUS	TIME	ITEM	SPEAKER
I	2:30 p.m.	Introductions	All
D		Castleridge Property	EBRPD
D		City of Pleasanton East Pleasanton Specific Plan Process Update	City
D		Iron Horse Trail Project Update	EBRPD
D		Shadow Cliffs to Del Valle Trail Update	EBRPD
D		Pleasanton Ridge Shuttle Program Update	EBRPD
I		Public Comment	

(R) Recommendation for Future Board Consideration (I) Information (D) Discussion

Liaison Committee Members:

City of Pleasanton
Nelson Fialho, City Manager
Jerry Pentin, Vice-Mayor
Karla Brown, Councilmember
Steven Bocian, Assistant City Manager
Susan Andrade-Wax, Director of Community Services
Brian Dolan, Director of Community Development
Deborah Wahl, Parks and Recreation Commissioner
Brad Hottle, Parks and Recreation Commissioner

East Bay Regional Park District
Carol Severin, Boardmember
Ayn Wieskamp, Boardmember
Beverly Lane, Boardmember
Jim O'Connor, Assistant General Manager
Larry Tong, Interagency Planning Manager

Distribution: Liaison Committee Members listed above

With cc to: Lisa Tarnow, City of Pleasanton
Robert E. Doyle, EBRPD
Clerk of the Board, EBRPD

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: March 19, 2014 **ITEM NO. 14a**

SUBJECT: GENERAL MANAGER'S REPORT

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

Environmental & External Affairs:

- President Obama traveled to Fresno February 14th along with Senators Boxer and Feinstein. He met with Governor Brown and toured a farm. Upon arrival, he announced a $183 million grant and loan package from the just-signed farm bill, most of which came from US Department of Agriculture (USDA) funds. The largest amount ($100 million) was targeted at losses of livestock, while another $60 million was for support of food banks (in the last drought, 40% unemployment in some agricultural counties was experienced).

- Emergency drought discussions continue on a number of levels. Staff continue to collaborate with DWR and other State Water Contractors to maximize deliveries. Inquiries from untreated water contractors demonstrate concerns of local growers (related to availability, quantity and quality of water to be delivered this summer). Staff also met with operations representatives from the retailers to brainstorm opportunities and with other South Bay Aqueduct contractors to discuss water quality concerns related to disinfection byproducts and treatability as the relatively dry Delta watershed conditions will likely result in some salt water intrusion.

- Now that all the plantings are completed for the Stanley Reach project, volunteers have also planted nearly 3,000 containers with acorns (the oak seedlings will be used to replace unsuccessful plantings along Stanley or on other sites, as needed) and begun weeding projects to minimize the presence of invasive plant species.

Finance & Administration

- Above-ground construction of the Power and Water Resources Pooling Authority (PWRPA) distribution facilities at the Patterson Pass Plant is now complete. PG&E facilities must be constructed next at Patterson Pass with substantial completion anticipated March 21st. Once online, these facilities will allow Zone 7 to begin saving on energy bills.

Engineering and Flood Control:

- Following each February rain event, staff had to clear debris such as downed tree branches from bridge piers to assure future storm flows would not be obstructed.

- Quarterly testing for disinfection byproducts was completed. Total tri-halomethanes (TTHMs), which are a byproduct of chorination, were high (91-97 ppb compared to a high in 2012 of 64 ppb). Follow-up testing is scheduled. This might be from declining raw water quality related to conveying water through the Delta with extremely low freshwater flows from the watershed. These water quality concerns would be significantly less if the tunnels were already in place.

- DWR has informed staff that the South Bay Pumping Plant portion of the South Bay Aqueduct Enlargement and Improvement Project is nearing completion. The last pump should be in service in late June, at which point DWR will take possession and accept all pumps and motors except the one spare motor that is currently going to a shop for repairs. The dry test of Check 8 was successful but DWR has yet to order the air/vacuum valves and butterfly valves for upstream vents to be able to wet-test Check 8. Charges continue to accrue to the project until it is closed. (These impact Zone 7's still-increasing "fixed costs" in Funds 110 and 130.)

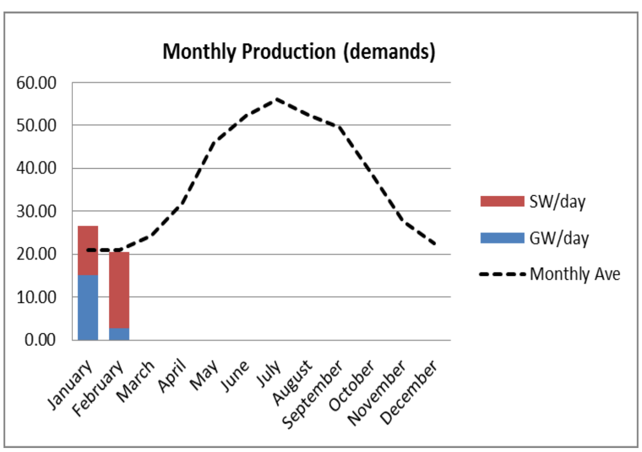
<u>Operations and Maintenance</u>:

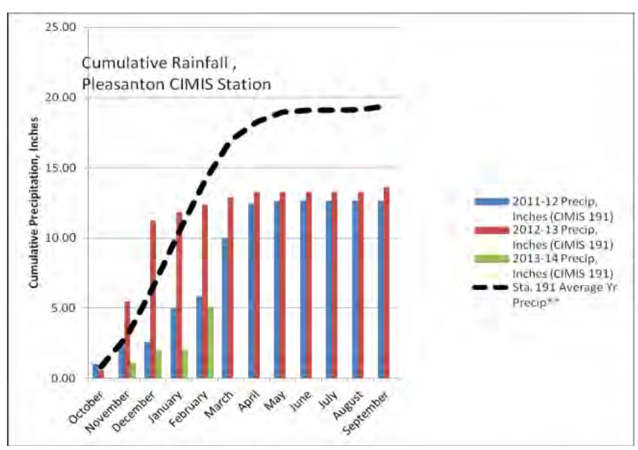
- Upgrades to the Dougherty Tank pipeline controls were completed by staff on Tuesday, February 25th and the system was put back online. In all, a new control valve, flowmeter, pressure transmitters and associated piping were successfully installed and tested.

- The Del Valle Water Treatment Plant has been online all month but backwashes are still well above average. Preliminary results of the Phase One treatment alternative study by Water Quality & Treatment Solutions, Inc., are under review by staff.

- On February 11, 2014, Patterson Pass Conventional Water Treatment Plant came back online. The Ultra-Filtration Plant remains offline while work on the air compressors and membranes continues.

- As shown by monthly production numbers, February demands were significantly lower than in January (20.5 MGD in February compared to 26.7 MGD in January), perhaps because of some limited long-awaited rain (78% of average February rain was received locally, as measured at CIMIS Station 191 in Pleasanton, with accumulated water year precipitation still only 36% of average). This also contributed to reduced demands on the groundwater basin during February.





Monthly List of GM Contracts

February 2014

Contracts:

Bay Area Coating Consultants, Inc.	$ 5,000	Coating Inspection Services for PPWTP Ultrafiltration Clarifier Corrosion Control Upgrades Project
Morrison & Associates, Inc.	10,000	Classroom Presentations for High School Students
Water Quality & Treatment Solutions, Inc.	30,000	Evaluation for Package Water Treatment Plant at Chain of Lakes
Hunt Enterprises	50,000	Outreach/Legislative Activities
Coastal Conservation and Research	2,000	Processing Physical Habitat Data in Support of Stream Management Master Plan Update
United States Geological Survey	28,425	Joint Funding Agreement for Cooperative Water Resources Program (USGS Gauges at Arroyo Valle near Livermore and Arroyo de la Laguna at Verona)
Advanced Hydro Engineering	30,000	On-Call Hydraulic Modeling Engineering Support for Water Transmission/Distribution System
Total February 2014	$155,425	

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: March 19, 2014 ITEM NO. **14b**

SUBJECT: Communications Outreach Activities

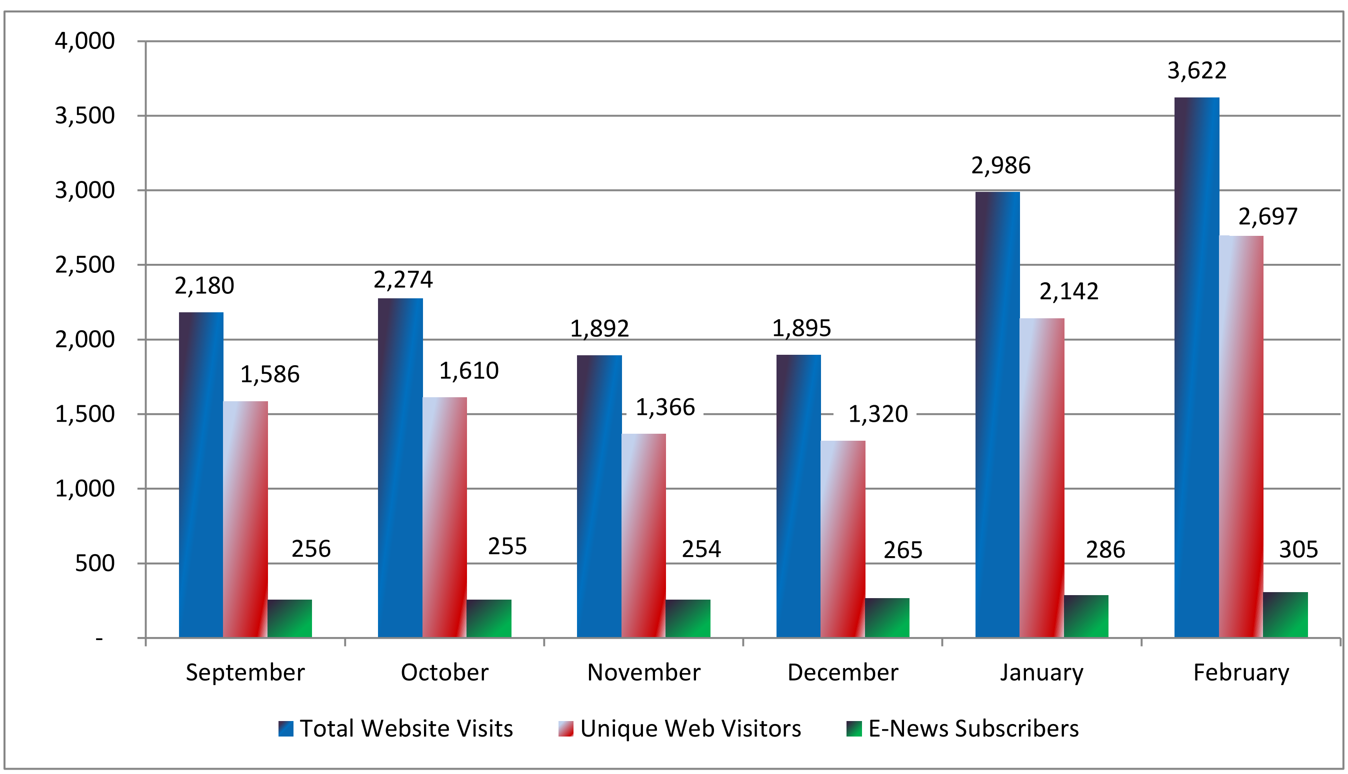
E-Newsletter, February 27th

The e-newsletter had articles on Zone 7's recent Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada; on the continuing drought emergency and the need for everyone in its service area to reduce water use by 20 percent; and on the 60-day extension of time for the public to comment on the draft Bay Delta Conservation Plan and associated environmental documents.

Spring Home & Garden Show, February 15th - 17th

Zone 7 again shared a booth with the Alameda County Flood Control & Water Conservation District's Clean Water Program. The event was held at the Alameda County Fairgrounds in Pleasanton. In addition to messaging on stormwater pollution prevention, Zone 7 provided information about the continuing drought emergency and the need for people in its service area to reduce water use by 20 percent.

Website & E-news Subscription Activity



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ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: March 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 passed and Governor Brown signed a package of two drought-relief bills with total expenditures of $687.4 million. Most of this (about $450 million) accelerates proposals in the governor's January budget to expend funds from Propositions 84 and 1E that had not been appropriated. The urgency legislation makes these available for grants without waiting for the FY 2015-16 budget. These will likely be allocated through grants using the Integrated Regional Water Management program.
- There are now a total of 10 proposed water bond bills in the Legislature. Five are considered substantive. Lois Wolk's bill (SB 848), co-authored by Senate leader Darrell Steinberg, has passed both policy committees in the Senate and now awaits a fiscal policy hearing. Meanwhile, Assemblyman Anthony Rendon, chair of the Water, Parks and Wildlife Committee, continues to hold informational hearings on his bond proposal (AB 1331).
- In Congress, the San Joaquin Valley Emergency Water Delivery Act (HR 3964) passed the House of Representatives and is pending in the Senate. The Senate bill by California Senators Dianne Feinstein and Barbara Boxer and their Oregon colleagues (Senators Wyden and Merkley), has yet to be set for a hearing.
- Assemblyman Jim Frazier (D-Oakley) introduced AB 1627 that would require Legislative approval for construction of any conveyance in the Delta, adding a Legislative hurdle to the Bay Delta Conservation Plan if it goes forward.
- Senior officials of the Department of Public Health and State Water Resources Control Board advise that the transfer of the Drinking Water Program to the State Board is proceeding smoothly and the July 1 deadline should be met.
- Governor Brown filed in Alameda County to run for re-election to his fourth term.

RECOMMENDED ACTION: Information only

EXECUTIVE SUMMARY
State Legislation

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

March 19, 2014

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 03/04/2014
Water Bond				
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
AB 1445 (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 public benefits associated with water storage projects and water quality improvement projects. 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
AB 1674 (Bigelow)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012	This bill would declare the intent of the Legislature to enact legislation that would amend the Safe, Clean, and Reliable Drinking Water Supply Act of 2012.	Watch	In Print
AB 2043 (Bigelow)	Safe, Clean, and Reliable Drinking Water Supply Act of 2014	This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $7,935,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. This bill would provide for the submission of the 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 03/04/2014
AB 2686 (Perea)	Clean, Safe, and Reliable Water Supply Act of 2014	This bill would enact the Clean, Safe, and Reliable Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $9,250,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable water supply program. This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	In Print
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 $6,825,000,000 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 Appropriations
SB 927 (Cannella)	Safe, Clean, and Reliable Drinking Water Supply Act of 2014	This bill would rename the bond act as the Safe, Clean, and Reliable Drinking Water Supply Act of 2014. The bill would instead authorize the 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. The bill would remove the authorization for funds to be 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	Senate Committee on Natural Resources and Water
SB 1080 (Fuller)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012	This bill would declare the intent of the Legislature to enact legislation to reduce the $11,140,000,000 bond.	Watch	Senate Committee on Rules
SB 1250 (Hueso)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012	This bill would declare the intent of the Legislature to enact legislation that would amend the act for the purpose of reducing the bond.	Watch	In Print
SB 1370 (Galgiani)	Reliable Water Supply Bond Act of 2014	This bill would enact the Reliable Water Supply Bond Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $5,100,000,000 pursuant to the State General Obligation Bond Law to finance surface water storage projects.	Watch	In Print

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 03/04/2014
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
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	DEAD*

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 03/04/2014
Integrated Regional Water Management				
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 Environmental Quality
AB 1731 (Perea)	Integrated regional water management plans: funding: disadvantaged communities	This bill would require in each integrated regional water management region that a least 10% of any funding for integrated regional water management planning purposes be used to facilitate and support the participation of disadvantaged communities in integrated regional water management planning and for projects that address critical water supply or water quality needs for disadvantaged communities.	Watch	Assembly Committee on Water, Parks and Wildlife
AB 1874 (Gonzalez)	Integrated regional water management plans: funding	This bill would require the Department of Water Resources to develop, by October 1, 2015, a streamlined application process for the funding of regional projects and programs. The bill would require the Department of Water Resources to promptly review and pay invoices associated with grants for regional projects and programs. The bill would require the Department of Finance to review the Department of Water Resources' contracting procedures for the distribution of grants for regional projects and programs and to report its findings to the Legislature.	Watch	Assembly Committee on Water, Parks and Wildlife
SB 1049 (Pavley)	Integrated regional water management plans	This bill would specifically include projects or programs that reduce energy used to acquire, transport, treat, or distribute water, as a regional project or program. The bill would require a regional water management group to include all water suppliers that are within the watershed area, the area over a groundwater basin or subbasin, or the area within a county's boundaries.	Watch	Senate Committee on Natural Resources and Water
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

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 03/04/2014
Climate Change				
AB 2348 (Stone)	Natural Resources Climate Improvement Program	This bill would establish the Natural Resources Climate Improvement Program to assist in the development and implementation of highly-leveraged, regionally integrated natural resources projects that maximize greenhouse gas emissions reductions or sequestration.	Watch	In Print
SB 1268 (Beall)	Natural Resources Climate Improvement Program	This bill would establish the Natural Resources Climate Improvement Program to assist in the development and implementation of highly-leveraged, regionally integrated natural resources projects that maximize greenhouse gas emissions reductions or sequestration.	Watch	In Print
Invasive Weeds				
AB 2402 (Buchanan)	Noxious weed management	This bill would appropriate $2,500,000 from the General Fund to the Noxious Weed Management Account in the Department of Food and Agriculture Fund to be expended for which a percentage of funds allocated for research may be used to include mapping, risk assessment, and prioritization of weeds.	Watch	In Print
Bay Delta Conservation Plan ("BDCP")				
AB 1671 (Frazier)	Sacramento-San Joaquin Delta: water conveyance system	This bill would prohibit the Department of Water Resources from constructing water facilities as part of a specified water conveyance system unless specifically authorized by the Legislature.	Watch	Assembly Committee on Water, Parks and Wildlife
AB 2463 (Dickinson)	Delta plan: Bay Delta Conservation Plan: hearings	This bill would require the Delta Stewardship Council to have at least 5 public hearings concerning the incorporation of the Bay Delta Conservation Plan into the Delta Plan if the Department of Fish and Wildlife approves the Bay Delta Conservation Plan as a natural community conservation plan.	Watch	In Print
Stormwater				
SB 985 (Pavley)	Stormwater resource planning	This bill would require a stormwater resource plan to identify opportunities to use existing publicly owned lands to capture and reuse stormwater.	Watch	Senate Committee on Environmental Quality

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 03/04/2014
Water Conservation				
AB 2104 (Gonzalez)	Common interest developments: water-efficient landscapes	Existing law requires a local agency to adopt a specified updated model ordinance regarding water-efficient landscapes or a water-efficient landscape ordinance that is at least as effective in conserving water as the updated model ordinance. This bill would provide that, with respect to the above-described provisions, governing documents include architectural or landscaping guidelines or policies and decisions by the board of directors applicable to a specific homeowner.	Watch	In Print
AB 2636 (Gatto)	CalConserve Water Use Efficiency Revolving Fund	This bill would establish the CalConserve Water Use Efficiency Revolving Fund. This bill would require moneys in the fund to be used for purposes that include, but are not limited to, at-or-below market interest rate loans and would permit the department to enter into agreements with local governments or investor-owned utilities that provide water or recycled water service to provide loans.	Watch	In Print
Water Management				
AB 2067 (Weber)	Urban water management plans	The bill would require an urban retail water supplier and an urban wholesale water supplier to provide narratives describing the supplier's water demand management measures, as provided. The bill would require, for urban retail water suppliers, the narrative to address the nature and extent of each water demand management measure implemented over the past 5 years and describe the water demand management measures that the supplier plans to implement to achieve its water use targets.	Watch	Assembly Committee on Water, Parks and Wildlife
SB 1036 (Pavley)	Urban water management plans	This bill would authorize an urban water supplier to include within an urban water management plan certain energy-related information, including, but not limited to, estimates of the amount of energy used to extract or divert water supplies.	Watch	Senate Committee on Natural Resources and Water
SB 1420 (Wolk)	Water management: urban water management plans	This bill would require an urban water management plan to quantify and report on distribution system water loss. The bill would authorize water use projections to display and account for the water savings estimated to result from adopted codes, standards, ordinance, and transportation and land use plans.	Watch	In Print

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 03/04/2014
Water Rights				
AB 1905 (Alejo)	Water rights: appropriation: small domestic, small irrigation, and livestock stockpond use	This bill would permit a small domestic use registration and a livestock stockpond use registration to be in effect for the same facility if the total combined water use covered by the registrations does not exceed 10 acre-feet per annum.	Watch	Assembly Committee on Water, Parks and Wildlife
Groundwater				
AB 1739 (Dickinson)	Groundwater basin management: sustainability	This bill would require the State Water Resources Control Board, in consultation with the Department of Water Resources, to develop thresholds for the sustainable management of the priority groundwater basins.	Watch	Assembly Committee on Water, Parks and Wildlife
AB 2189 (Garcia)	Water replenishment districts: replenishment assessment	The bill would require the governing board of each district to make the specified findings and determinations before holding the public hearing and would require the board to give written notice by mail to operators of water-producing facilities within the district that would be subject to the proposed replenishment assessment, as specified. The bill would require the replenishment assessment be based upon the proportion of the costs actually incurred by the assessed operator of a water-producing facility.	Watch	In Print
SB 1168 (Pavley)	Groundwater management plans	This bill would require a local agency to determine sustainable yield for a groundwater basin in coordination with other applicable local agencies whose service areas overlie the groundwater basin.	Watch	In Print

* Although AB 7 is technically “dead” for this Session, the content of the bill can be amended into other legislation at any time in the process.

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: March 19, 2014 ITEM NO. **14d**

SUBJECT: **Monthly Budget Report**

SUMMARY:

The new financial software system (New World) was implemented on July 1, 2013, at the beginning of fiscal year 2013/14. Concurrent with the implementation of New World, Zone 7 staff endeavored to improve the agency's budget reporting. Staff is excited to announce that on February 8, 2014, the Government Finance Officers Association of the United States and Canada (GFOA) awarded Zone 7 Water Agency the Distinguished Budget Presentation Award for the new budget book format used for budget year beginning July 1, 2013. This award represents a significant achievement and reflects the commitment of Zone 7 Finance staff to meeting the highest principles of governmental budgeting, according to GFOA. This is the first such award. The acclaimed budget document serves as: a policy document, an operations guide, a financial plan and a communications device. A copy of the budget award is attached.

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 Funds 100 and 130, 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.

- Year-to-date (YTD) payroll expenses for all funds are reported through the pay period ending 1/31/2014. This represents seven months of expenses or approximately 58% of the fiscal year. 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 attached 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, carryovers and additional appropriations.

- 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 February 28, 2014 is approximately 66% of the fiscal year or eight months. By February, we typically expect anywhere between 55% - 65% of the budget has been used, representing about seven months of expenses, and not eight. This is because services rendered/goods purchased in January would typically be paid in February. 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 62% of revenue has been received and 50% of the budget has been spent.

- 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).

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	$ 24,368,521	64%
Expenses	$ 35,262,653	$ 42,779,364	$ 21,409,355	50%

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 $24M, which is 63% of the budget for the entire fiscal year. This includes the sale of 24,926 acre feet of treated water through January. February 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. Staff anticipates lower water sales revenue in the coming months as a result of the drought and is currently analyzing the financial impact. Revenue also includes $0.3M 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 continue to remain 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. 70% of the utility budget (power/electrical) has been spent because pumping groundwater is more energy intensive. Expenses such as other services/supplies and training are under budget in an effort to reduce discretionary spending, which is very prudent given the potential revenue losses due to the drought. 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	$ 7,599,197	55%
Expenses	$ 14,002,380	$ 14,118,181	$ 11,984,422	85%

This is a pass-through fund for fixed charges associated with the State Water Project, assessed as a property tax override. The first installment of property tax revenue has been posted, representing 49% of the budget for the entire fiscal year. The second property tax installment is expected by April 2014. YTD revenue also includes a $0.8M refund from DWR and $1.2M for the Dougherty Valley Surcharge.

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 debt payment in March.

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	$ 4,501,888	51%
Expenses	$ 4,100,242	$ 25,874,419	$ 8,737,789	34%

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.

Expenses reflect capital project activities at the Del Valle Water Treatment Plant, including the Sludge Handling Improvement, Superpulsator Rehabilitation and Chemical System Improvement projects. Other expenses include planning for capital projects that will occur this spring/summer (including the drought emergency projects); the North Canyons lease payment, laboratory equipment and watershed investments.

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	$ 13,747,199	66%
Expenses	$ 18,814,437	$ 26,715,618	$ 12,307,671	46%

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. Connection fee revenue is favorable, indicating a continued recovery in development that started in 2013. $12.4M in connection fee revenue has been received, representing 68% of the budget for the entire fiscal year. A total of 182 connection fee credits have been used totaling $4.3M, while 488 credits remain outstanding, valued at $11.7M at the 2014 connection fee level (see Chart 1 attached).

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 second installments of these debt payments and drought emergency project expenses are anticipated in the coming months.

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	$ 3,417,253	55%
Expenses	$ 5,355,914	$ 25,948,108	$ 13,239,188	51%

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. The first installment of property tax revenue totaling $3.2M has been posted, 54% of the budget for the entire fiscal year. The second property tax installment is expected by April 2014.

Expenses include labor, watershed investments, flood control maintenance and expenses for projects such as Arroyo Mocho Stanley Reach, Hydrology Study, Stream Management Master Plan Update and the Living Arroyos Program.

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	$ 1,979,344	75%
Expenses	$ 1,227,729	$ 7,440,315	$ 3,468,738	47%

This fund provides funding for flood protection facilities required for new development. The primary source of revenue is development impact fees. YTD revenue includes $1.9M in development impact fee revenue, 76% of the projection for the entire fiscal year.

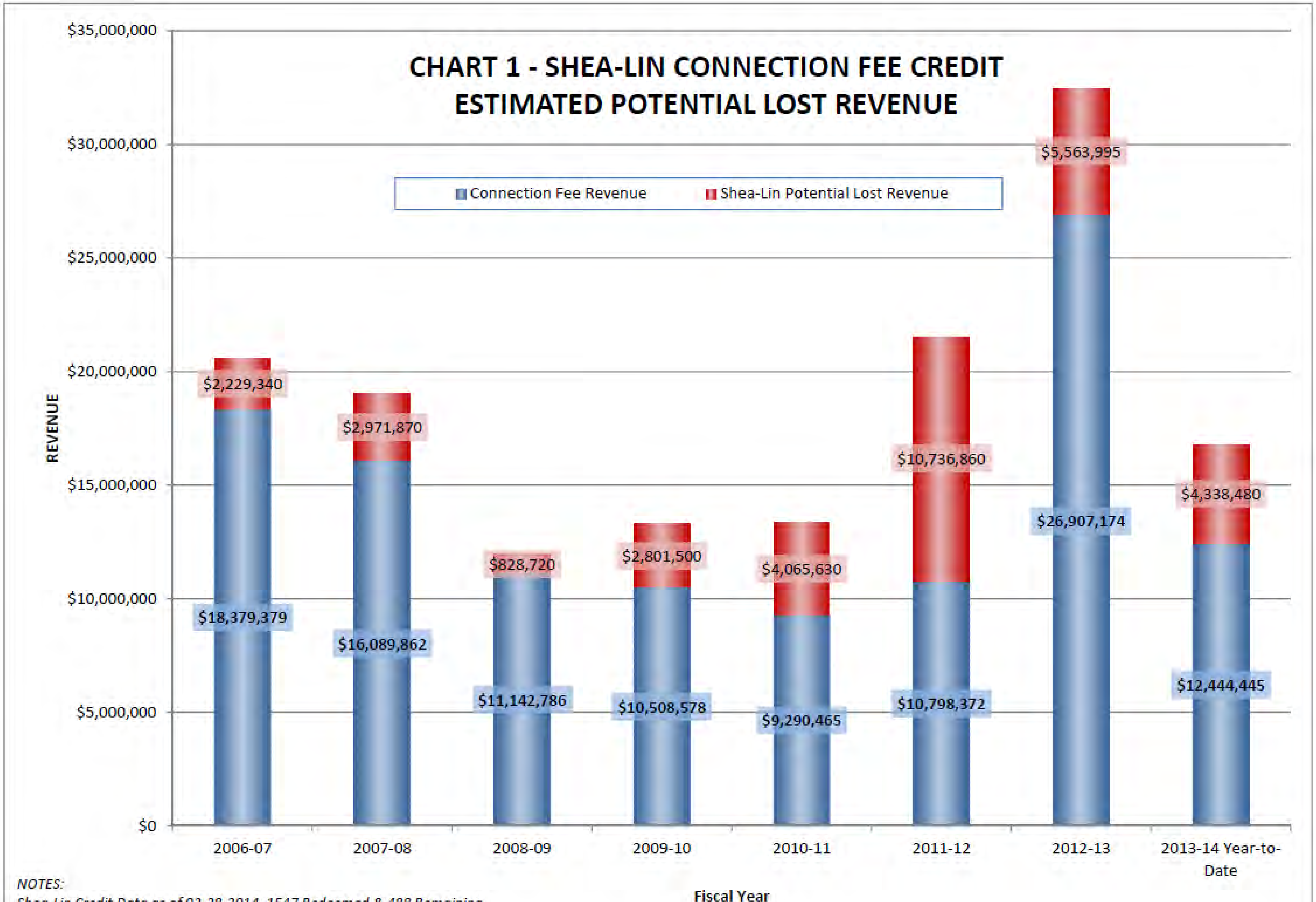
Expenses include the North Canyons lease payment, watershed investments, and projects such as Arroyo Mocho Stanley Reach, Hydrology Study, Stream Management Master Plan Update and the Living Arroyos Program, of which this fund pays a share.

RECOMMENDED ACTION:

Information only.

ATTACHMENTS:

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



NOTES:
Shea-Lin Credit Data as of 02-28-2014, 1547 Redeemed & 488 Remaining.
Revenue as of 1-31-14 for DSRSD & Pleasanton, 11/30/13 for Livermore
Initial Payment of $10,000,000 for Credits is Not Reflected in This Graph

ZONE 7 WATER AGENCY

Annual Budget by Account Classification Report

Budget Summary

	FY 12/13 Budget	FY 13/14 Budget	FY 13/14 YTD Actual	% Used/Rec
FUND: 100 Water Enterprise Operations				
Revenue				
411 - Water Sales & Service	$37,085,455.00	$37,664,745.00	$23,788,562.90	63%
452 - Aid from Governmental Agencies - State	$700.00	$700.00	$300,198.73	42886%
461 - Investment Earnings	$95,000.00	$95,000.00	$37,260.91	39%
462 - Rents and Royalties	$31,000.00	$31,000.00	$10,918.80	35%
464 - Fines and Penalties	$0.00	$0.00	$203.33	-
481 - Other Revenue	$93,300.00	$93,300.00	$231,376.79	248%
Revenue Totals	$37,305,455.00	$37,884,745.00	$24,368,521.46	64%
Expenditures				
511 - Personal Services - Salaries and Wages[1]	$12,979,972.00	$13,325,249.00	$6,586,799.37	49%
512 - Personal Services - Overtime[1]	$204,410.00	$206,778.00	$92,806.51	45%
513 - Personal Services - Benefits[1]	$5,935,795.00	$6,388,757.00	$3,561,613.62	56%
600 - Labor & Overhead Distributed[2]	($7,587,903.00)	($7,803,870.00)	($2,198,409.45)	28%
611 - Purchased Services	$3,458,839.00	$4,503,032.00	$1,470,269.74	33%
621 - Water	$5,327,008.00	$6,964,912.00	$3,507,432.74	50%
631 - Chemicals	$3,490,885.00	$2,841,522.00	$984,075.45	35%
641 - Utilities	$1,664,556.00	$1,829,570.00	$1,289,072.53	70%
643 - Communications	$227,508.00	$175,014.00	$88,270.16	50%
651 - Cleaning Services	$64,196.00	$48,835.00	$26,991.57	55%
652 - Repairs and Maintenance	$2,955,100.00	$2,551,870.00	$688,428.85	27%
653 - Rental Services	$113,200.00	$108,650.00	$68,684.78	63%
661 - General Office Services/ Supplies	$904,375.00	$617,065.00	$219,508.78	36%
662 - Organizational Membership/ Participation	$452,323.00	$520,283.00	$325,044.28	62%
665 - Other Services/ Supplies	$726,440.00	$780,206.00	$161,100.56	21%
667 - Training and Travel	$424,296.00	$394,220.00	$74,058.89	19%
669 - Special Departmental Expense	$826,500.00	$794,772.00	$203,107.55	26%
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	$21,409,354.74	50%
FUND Total: Water Enterprise Operations	$5,100,955.00	($4,894,619.00)	$2,959,166.72	-60%
FUND: 110 State Water Facilities				
Revenue				
411 - Water Sales & Service	$1,314,313.00	$1,299,710.00	$1,252,533.41	96%
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	$4,954.85	30%
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%
Revenue Totals	$12,600,971.00	$13,798,385.00	$7,599,197.22	55%
Expenditures				
621 - Water	$13,974,125.00	$14,118,181.00	$11,984,421.84	85%
Expenditure Totals	$13,974,125.00	$14,118,181.00	$11,984,421.84	85%
FUND Total: State Water Facilities	($1,373,154.00)	($319,796.00)	($4,385,224.62)	1371%

ZONE 7 WATER AGENCY

Annual Budget by Account Classification Report

Budget Summary

	FY 12/13 Budget	FY 13/14 Budget	FY 13/14 YTD Actual	% Used/Rec
FUND: 120 Water Enterprise Capital IR&R				
Revenue				
431 - Development Fees	$26,550.00	$250,000.00	$310,897	124%
441 - Charges for Services	$0.00	$7,500.00	$450.00	6%
461 - Investment Earnings	$141,703.00	$74,462.00	$26,017.62	35%
499 - Transfers	$6,600,000.00	$8,500,000.00	$4,250,000.00	50%
Revenue Totals	$6,768,253.00	$8,831,962.00	$4,587,364.25	52%
Expenditures				
600 - Labor & Overhead Distributed[1]	$0.00	$0.00	$743,715.16	-
611 - Purchased Services	$0.00	$192,728.00	$264,790.97	137%
643 - Communications	$0.00	$0.00	$41.72	-
653 - Rental Services	$0.00	$0.00	$357,038.62	-
661 - General Office Services/ Supplies	$0.00	$0.00	$4,740.57	-
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	$20,461,758.00	$0.00	0%
671 - Equipment, Furniture and Vehicles	$0.00	$76,281.00	$243,829.77	320%
672 - Land and Facility Improvements	$0.00	$5,143,652.00	$7,121,364.13	138%
Expenditure Totals	$12,023,062.00	$25,874,419.00	$8,737,788.79	34%
FUND Total: Water Enterprise Capital IR&R	($5,254,809.00)	($17,042,457.00)	($4,150,424.54)	24%

	FY 12/13 Budget	FY 13/14 Budget	FY 13/14 YTD Actual	% Used/Rec
FUND: 130 Water Enterprise Cap Expansion				
Revenue				
431 - Development Fees	$12,382,587.00	$18,400,000.00	$12,444,445	68%
461 - Investment Earnings	$89,885.00	$166,565.00	$64,054.80	38%
481 - Other Revenue	$2,539,000.00	$2,381,600.00	$1,153,222.40	48%
Revenue Totals	$15,011,472.00	$20,948,165.00	$13,661,722.38	65%
Expenditures				
600 - Labor & Overhead Distributed[1]	$0.00	$0.00	$205,148.47	-
611 - Purchased Services	$0.00	$202,751.00	$57,641.18	28%
621 - Water	$0.00	$18,654,187.00	$11,187,705.75	60%
653 - Rental Services	$0.00	$0.00	$277,141.15	-
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	$7,124,197.00	$20,695.84	0%
671 - Equipment, Furniture and Vehicles	$0.00	$6,377.00	$14,538.19	228%
672 - Land and Facility Improvements	$0.00	$478,106.00	$463,680.12	97%
675 - Debt Service	$0.00	$250,000.00	$63,833.47	25.53%
Expenditure Totals	$22,455,379.00	$26,715,618.00	$12,307,670.67	46%
FUND Total: Water Enterprise Cap Expansion	($7,443,907.00)	($5,767,453.00)	$1,354,051.71	-23%

ZONE 7 WATER AGENCY

Annual Budget by Account Classification Report

Budget Summary

	FY 12/13 Budget	FY 13/14 Budget	FY 13/14 YTD Actual	% 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	$19,355.71	18%
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%
491 - Other Financing Sources	$0.00	$0.00	$17,150.00	-
Revenue Totals	$6,096,119.00	$6,200,347.00	$3,417,252.70	55%
Expenditures				
600 - Labor & Overhead Distributed[1]	$1,218,073.00	$2,100,065.00	$1,038,516.43	49%
611 - Purchased Services	$1,396,975.00	$2,720,461.00	$310,135.66	11%
643 - Communications	$3,000.00	$2,239.00	$789.52	35%
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	$949,878.00	18%
653 - Rental Services	$25,000.00	$145,500.00	$95,418.80	66%
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	$8,165.63	29%
667 - Training and Travel	$18,500.00	$30,900.00	$2,355.80	8%
669 - Special Departmental Expense[3]	$25,000.00	$13,333.00	$6,666.66	50%
672 - Land and Facility Improvements	$0.00	$15,444,833.00	$10,805,267.91	70%
Expenditure Totals	$5,654,148.00	$25,948,108.00	$13,239,188.45	51%
FUND Total: Flood Protection Operations	$441,971.00	($19,747,761.00)	($9,821,935.75)	50%
FUND: 210 Flood Protection/Drainage DIF				
Revenue				
431 - Development Fees	$1,872,436.00	$2,500,000.00	$1,905,458.45	76%
461 - Investment Earnings	$154,894.00	$132,000.00	$45,325.89	34%
481 - Other Revenue	$0.00	$0.00	$28,560.00	-
Revenue Totals	$2,027,330.00	$2,632,000.00	$1,979,344.34	75%
Expenditures				
600 - Labor & Overhead Distributed[1]	$0.00	$0.00	$211,029.39	-
611 - Purchased Services	$0.00	$184,493.00	$69,577.19	38%
643 - Communications	$0.00	$0.00	$3.40	-
653 - Rental Services	$0.00	$0.00	$79,183.16	-
665 - Other Services/ Supplies	$0.00	$0.00	$598.52	-
669 - Special Departmental Expense[3]	$3,347,956.00	$3,554,816.00	$0.00	0%
672 - Land and Facility Improvements	$0.00	$3,701,006.00	$3,108,345.94	84%
Expenditure Totals	$3,347,956.00	$7,440,315.00	$3,468,737.60	47%
FUND Total: Flood Protection/Drainage DIF	($1,320,626.00)	($4,808,315.00)	($1,489,393.26)	31%
Revenue Grand Totals:	$79,809,600.00	$90,295,604.00	$55,613,402.35	62%
Expenditure Grand Totals:	$89,659,170.00	$142,876,005.00	$71,147,162.09	50%
Net Grand Totals:	($9,849,570.00)	($52,580,401.00)	($15,533,759.74)	30%

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.

The Government Finance Officers Association of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Finance
Zone 7 Water Agency, California

The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Executive Director

Date **February 08, 2014**

GOVERNMENT FINANCE OFFICERS ASSOCIATION

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California

For the Fiscal Year Beginning

July 1, 2013

Executive Director

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: Engineering
CONTACT: Kurt Arends

AGENDA DATE: March 19, 2014 ITEM NO. **14e**

SUBJECT: Update Related to the Bay Delta Conservation Plan

BACKGROUND:

The Bay Delta Conservation Plan (BDCP), which has the co-equal goals of achieving water supply reliability while improving the ecosystem, is a voluntary effort to obtain long-term, incidental take permits for the operations and infrastructure improvements of the State Water Project (SWP) and the Central Valley Project (CVP) through development of a comprehensive Habitat Conservation Plan (HCP) under the federal Endangered Species Act, and a Natural Community Conservation Plan (NCCP) under the California Natural Community Conservation Planning Act. The BDCP is a mechanism for improving the ecological conditions to provide multi-species regulatory protection for 57 different wildlife and plant species in the Delta. Zone 7's interest is securing the regulatory protection for SWP operations, restoring water supply reliability lost to recent regulation and court actions and improving the ecosystem through a long-term multi-species habitat conservation agreement.

The Delta Habitat Conservation and Conveyance Program (DHCCP) is the associated effort to do enough preliminary engineering to analyze the proposed actions in the BDCP under the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) and to prepare the related environmental impact documents (both a federal Environmental Impact Statement and a state Environmental Impact Report, known as an EIR/EIS, collectively). This effort also includes development of preliminary engineering designs, geotechnical field studies and analysis, and other necessary feasibility information for Delta water conveyance improvement projects and related habitat conservation measures under the BDCP.

Although the BDCP is a key element of the Delta planning framework established by the State Legislature in 2009, it is not the only effort needed to accomplish the "co-equal goals" of restoring the Delta ecosystem and water supply reliability for California. The Delta Stewardship Council, Delta Protection Commission, Delta Conservancy and State Water Resources Control Board all have important roles in the planning framework.

To put the BDCP into the context of overall state water management, the California Natural Resources Agency (which includes the Department of Water Resources), the California Department of Food and Agriculture and the California Environmental Protection Agency worked with stakeholders to develop the California Water Action Plan which was released on January 22, 2014 at the same time as the governor's State of the State address (see http://resources.ca.gov/california_water_action_plan/docs/Final_California_Water_Action_Plan.pdf). This Plan lays the foundation for implementing broader, statewide measures including water use efficiency, groundwater management, integrated regional water management, expanded recycling and potential development of surface storage to improve water supply reliability.

DISCUSSION:

The public review draft of the BDCP and its corresponding Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS) were released on December 13, 2013, for a 120-day public review period. Public comments were originally due on April 14, 2014, but after receiving numerous requests to extend the review period (largely citing the massive size of the documents - over 34,000 pages in total), the federal and state lead agencies announced that they were extending the comment period for another sixty days. All comments must now be received on or before June 13, 2014. The draft documents are available on the project website: http://baydeltaconservationplan.com/Home.aspx

While the environmental review process is in progress, SWP contractors that have been funding the planning phase of the DHCCP and BDCP—including Zone 7—are taking procedural steps to prepare for the next phase of funding to cover pre-construction activities. The long-term financing for the Delta conveyance improvements will ultimately be through the State of California and backed by the public water agencies; however, an alternative financing vehicle is needed for the interim pre-construction financing to ensure that project implementation can proceed in a timely and cost-effective manner once all permits have been secured. A series of procedural actions by participating agencies will be required in the coming months to set the stage for interim financing; the Zone 7 Board will be asked to sign an amendment to the existing funding agreement (last authorized by the Board in August 2010) to continue participation in the funding of BDCP pre-construction activities in the late spring/early summer. More details on the interim financing terms will be presented at that time.

The project being proposed in the BDCP includes 22 conservation measures (CMs) designed to work in combination to improve the delta ecosystem and improve water supply reliability. The measures are outlined below:

- CM 1, Delta Conveyance: New north Delta diversion facilities with state-of-the-art fish screens would reduce pumping levels in the south Delta, and help restore more natural flow patterns for fish. Water would be conveyed from the north Delta in two parallel tunnels with a total capacity of 9,000 cubic feet per second (cfs). The original concept project has been modified significantly during the long development project. The original size was 15,000 so the conveyance has been reduced by 40%; the five original intakes have been reduced to three (another 40% reduction); and the alignment has been adjusted to reduce the footprint by nearly half.

- CM 2-11, Habitat Development: Up to 113,000 acres of new and restored habitat, including 65,000 acres of tidal marsh and 5,000 acres of riparian forest would be developed to reduce impacts of historical land conversion in the Delta, improve food supplies for fish and reduce impacts of invasive species and predators. Note that these are part of the adaptive management program and could be modified based on the success of the program in terms of species improvement; if the acreage were reduced, the money would be funneled into one of the other, more successful CMs.

- CM 12-22, Other Stressor Reduction: Measures include addressing mercury, urban stormwater runoff, and in-Delta diversions, controlling invasive species, improving migratory pathways, reducing predatory fish and illegal harvest, and constructing hatcheries.

Over the 50 year implementation period of the BDCP, the total cost of implementing the 22 conservation measures, including capital and O&M costs, is estimated at $24.75 billion. Of this, approximately 65%, or $16.03 billion, is for construction, operation, and maintenance of CM1.

As stated in the BDCP, the primary purpose of CM1 is to construct and operate facilities that improve conditions for covered species and natural communities in the Delta while improving water supply. The proposed project includes construction and operation of three new north Delta intakes along the Sacramento River. Each intake will have a capacity of up to 3,000 cfs and will be fitted with state-of-the-art positive barrier fish screens designed to minimize entrainment or impingement risk for all covered fish species. Diverted waters will be conveyed to a new regulating forebay, and then south to existing SWP/CVP conveyance facilities, via a pipeline and tunnel system.

Before arriving at this configuration, the EIR/EIS evaluated 16 primary alternatives including the no action alternative. This evaluation included diversions from 3,000 to 15,000 cfs and conveyance option of dual conveyance, through-delta conveyance, and isolated conveyance with no south delta diversions. These alternatives are shown in more detail on the attached EIR/EIS Fact Sheet.

Generally, diversions at the north Delta intake would be greatest in wetter years and lowest in drier years, when south Delta diversions would provide the majority of the CVP and SWP south of Delta exports. Actual Delta channel flows and diversions may be modified to respond to real-time operational needs such as those related to Old and Middle Rivers, Delta Cross Channel, or north Delta bypass flows. Construction of this new tunnel/pipeline conveyance facility will allow greater flexibility in operation of both south and north Delta diversions, thereby minimizing reverse flows and reducing entrainment of covered fish species by the SWP and CVP in the south Delta. If these conveyance facilities were in place now during this time of severe drought, although it may not have provided additional water, it would have mitigated the impacts of salt water intrusion into the bay and the possibility of shutting off the project pumps due to poor water quality.

BDCP

Bay Delta Conservation Plan

February 2014

BDCP Draft Environmental Impact Report/ Environmental Impact Statement (EIR/EIS) Fast Facts

The BDCP Draft EIR/EIS is...

An analysis of BDCP and its alternatives' negative and beneficial impacts on the human environment, and actions to avoid or minimize negative impacts, with the goal of improving the Delta ecosystem and ensuring reliable water supplies for 25 million Californians.

Environmental Analysis Objectives

DEVELOP REASONABLE ALTERNATIVES to meet the purpose and need and avoid or minimize impacts

ANALYZE Environmental impacts

DEVELOP MITIGATION MEASURES to reduce or avoid impacts

EVALUATE Economic impacts

PREPARE INFORMATION for public and stakeholder review and comment

DISCLOSE project impacts, mitigation, and public comments to decision-makers

Robust, Science Driven Screening Process

Alternatives evaluated in the Draft EIR/EIS must:

1. Be feasible and reasonable
2. Meet project objectives
3. Avoid or substantially reduce significant impacts

FIRST SCREENING LEVEL
Identify Alternatives

SECOND SCREENING LEVEL
Avoid or lessen environmental impacts and address significant issues

THIRD SCREENING LEVEL
Define potentially feasible and reasonable alternatives

SCREENING FOR CONSISTENCY
with the 2009 Delta Reform Act, scoping comments, and existing water rights of non-BDCP participants

Identification of **15 ACTION ALTERNATIVES** and **1 NO-ACTION ALTERNATIVE/ EXISTING CONDITIONS**

The BDCP Draft EIR/EIS Analyzes more than 600 resource area impact categories. Of these resource impact categories,

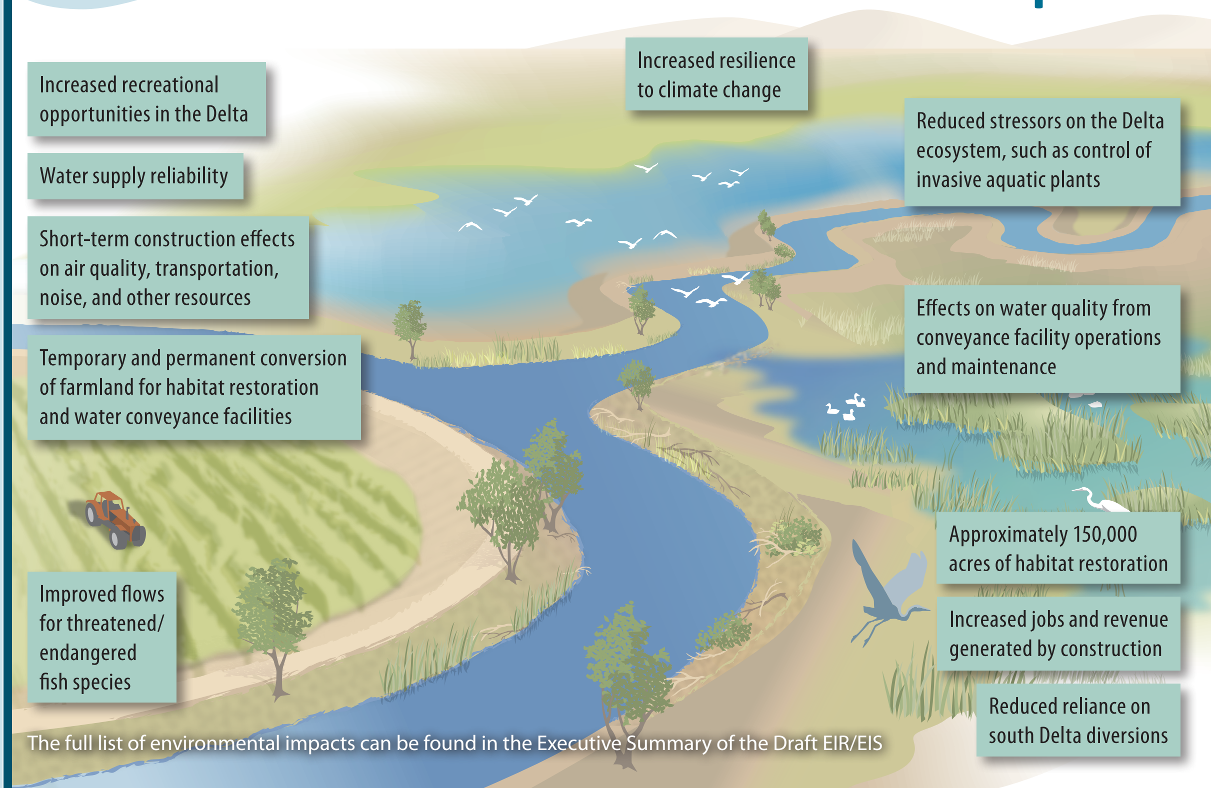
65-79 environmental impacts were deemed beneficial, depending upon the alternative evaluated.

57-60 resource areas were found to have no impact,

and up to 431 resource area impacts were deemed less than significant.

The Draft EIR/EIS determined 54-72 significant and unavoidable impacts (as determined by the California Environmental Quality Act), depending upon alternative, that may be reduced with the implementation of additional mitigation measures.

BDCP Environmental Benefits and Impacts



15 Draft EIR/EIS Action Alternatives:

The Draft EIR/EIS alternatives represent a combination of water conveyance configurations, capacities and operational criteria, habitat restoration and conservation targets, stressor reduction measures, and various avoidance and minimization measures.

The BDCP will include approximately 150,000 acres of restored and protected habitat for 56 covered species, and improve flow conditions to benefit fish in the Delta.

	Alternative	Maximum Water Diversions	Intakes
PIPELINE/TUNNEL	1A	15,000 cfs	1-5
	2A	15,000 cfs	1-3, 6, 7, or 1-5
	3	6,000 cfs	1 & 2
	4	9,000 cfs	2, 3 & 5
	5	3,000 cfs	1
	6A	15,000 cfs	1-5
	7	9,000 cfs	2, 3 & 5
	8	9,000 cfs	2, 3 & 5
EAST CANAL	1B	15,000 cfs	1-5
	2B	15,000 cfs	1-3, 6, 7, or 1-5
	6B	15,000 cfs	1-5 isolated
WEST CANAL	1C	15,000 cfs	West (W)1
	2C	15,000 cfs	W1-W5
	6C	15,000 cfs	W1-W5
THROUGH DELTA	9	15,000 cfs	Delta Cross Channel and Georgiana Slough channel modifications
NO ACTION/ NO PROJECT		Current operations	N/A

Action Alternative Examples

ALTERNATIVE 4:

- CEQA (or state) Preferred Project
- Recently improved to reduce the footprint by nearly one-half of its original size

ALTERNATIVE 1B:

- Eastern Delta lined or unlined open canal
- Five intakes between Clarksburg and Walnut Grove

ALTERNATIVE 9:

- Screened intakes at Delta Cross Channel and Georgiana Slough
- Four basic corridors:
  - -North Delta corridor
  - -South Delta corridor
  - -San Joaquin separate fish movement corridor
  - -Mokelumne separate fish movement corridor

NOTE: A full description of the 15 Action Alternatives, and the No Action Alternative, can be found in Chapter 3 (Alternatives) of the Draft EIR/EIS.

*For more information, or to submit comments, visit **www.BayDeltaConservationPlan.com**, call **1-866-924-9955**, or email BDCP.Comments@NOAA.gov.*

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: John Mahoney

AGENDA DATE: March 19, 2014

SUBJECT: Drought Update ITEM NO. **14f**

SUMMARY:

- There has been a slight improvement in the weather since the January 29th meeting but not enough to significantly change any projections that were made at that time.

- DWR continues 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 as shown by increasing total trihalomethanes and water coming through the Delta has a relatively high salt content.

- The three emergency projects approved by the board on January 29th are moving forward.

    1. Lake I - Cope Lake Pipeline Project - Design-Build (D/B) contract executed with CH2MHill and work commenced 2/21/14. Construction began on the Cope Lake side with installation of a coffer dam and excavation of the pipeline trench. Upcoming construction includes re-alignment of access road to maintain one-lane traffic flow through construction area.


    2. Chain of Lakes Well No. 5 - Monitoring well construction was completed. Design-Build contract and Scope of Work drafted and should be finalized prior to Board meeting. Municipal Well Driller bids received and apparent, qualified low bidder selected with drilling to commence on March 24, 2014. Preliminary design/ selection of pump initiated with input from O&M staff.

    3. Busch Valley Well No. 1 - Design-Build contract and Scope of work being finalized, pending input from the City of Pleasanton regarding means and method of disposing drilling fluids into existing storm drain system. Once confirmed,

requests for bids from municipal well drillers will be issued and D/B Scope of Work with Conco West, Inc., with Stantec as sub-consultant, will be finalized and submitted as an Agenda Item for Board approval at April Board meeting.

- Other projects, such as a potential package plant for surface water treatment at Cope Lake are under investigation, although looking less feasible in the short term.

- From an operational standpoint, staff are maximizing surface water treatment and 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).

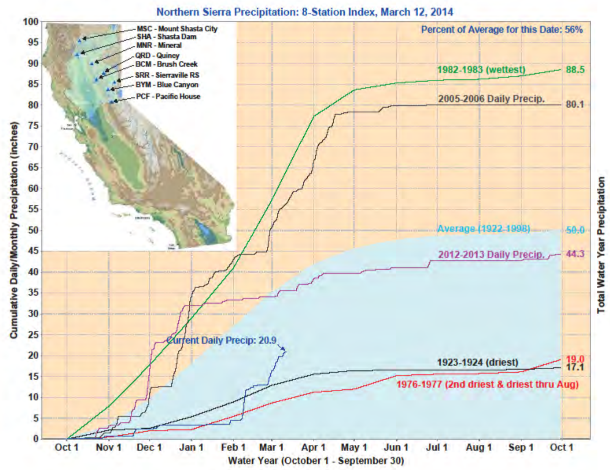
BACKGROUND:
Calendar Year 2013 was the driest year in recorded state history. 2013 also set a new record as the driest year measured in the Livermore-Amador Valley, with total precipitation of only 4.5 inches out of the average yearly rainfall of 14.47-inches (only 31% of average at Livermore Station 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 driest 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.

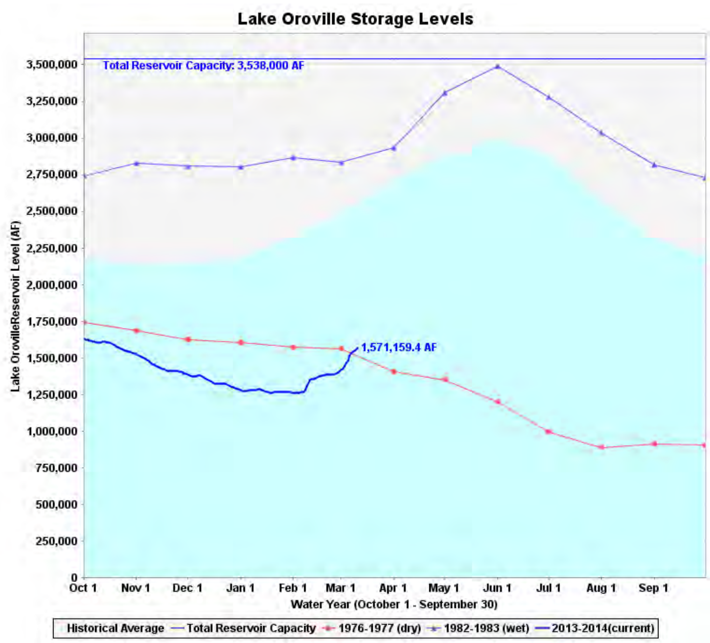
On January 29, 2014 the General Manager was authorized and directed to establish an appropriate level of conservation for the Livermore-Amador Valley, consistent with the governor's proclamation of a drought emergency (20% or greater). The initial conservation level is set at 20% and will be adjusted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

DISCUSSION:
Northern Sierra precipitation remains well below average - currently at 20.9 inches compared to an average of about 36.5 inches for this time of year (March 12 -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 near the driest year of record (see Oroville graph, below); this can be tracked on the DWR data website at http://cdec.water.ca.gov/cdecapp/resapp/resDetailOrig.action?resid=ORO. The recent rains have helped but, due to the high temperatures, much of the precipitation has been as rain which means that continuing flows during the time when the snow would typically melt and be captured in Oroville are unlikely.



The February 27th snow survey recorded statewide water content just slightly improved over the January survey at 24% of average for the date or 21% of the average April 1st reading. Electronic readings indicate that water content in the northern mountains is 15% of normal for the date and 13% of the April 1st average. Electronic readings in the central Sierra show 32% of normal for the date and 28% of the April 1st average. The numbers for the southern Sierra are 24% of average for the date and 20% of the April 1st average. While only the northern reading drains into Lake Oroville, the others contribute to the Delta watershed and quality of water being conveyed through the Delta.

The currently-reported (March 12th) snowpack in the Northern Sierra is about 25% of average.

The upcoming snow survey (near the end of March or beginning of April – called the "April 1st Survey") is always critical as it forms the basis for DWR's final allocation calculation since hydrologically this is when the snow pack usually starts melting rather than gaining (although a last survey is usually conducted around May 1st).

The low levels in Oroville and the relatively small snowpack throughout the portion of the Sierras that serves as the Delta's watershed will likely 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; in fact, conditions are so bad that DWR is looking at meeting health and safety needs from the water that is stored for both this year and next year. This condition would be somewhat mitigated should an alternative conveyance system, such as the tunnels described in the BDCP, already be in place, given the regulatory losses that have occurred (600,000 acre feet in 2013, alone).

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 production of approximately 30 million gallons per day (MGD) which is allowing Zone 7 to maximize the delivery of surface water and conserve the groundwater basin for use during the summer to help meet peak demands.

Although the rains have helped a little, Water Quality in the South Delta still has much higher total dissolved solids (TDS) than usual for this time of year, when winter rains would normally be providing relatively low TDS water. Bromide levels and Total Organic Carbon (TOC) numbers are also higher than normal. The poor water quality impacts not only treatment at the plants (with higher bromides apparently creating more and 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: