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, May 15, 2013**

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 April 17, 2013 and the Special Meeting of May 1, 2013

5. Consent Calendar

   a. Refund of Mountain House Golf Course Untreated Water Connection Fee Deposit

6. Staffing Update:
   a. February Employee of the Month Recognition, continued
   b. March Employee of the Month Recognition

7. Presentations by Science and Engineering Fair Awardees

   Recommended Action: Information only.

8. Alameda County Board of Supervisors Water Awareness Month Proclamation

   Recommended Action: Information only.

9. Proposed Budget for Fiscal Year 2013/14

   Recommended Action: Adopt resolution.

10. 2013 Annual Review of Sustainable Water Supply for Zone 7 Water Agency

Recommended Action: Information only.

11. Committees - Finance Committee - April 8, 2013 - minutes
Finance Committee - April 22, 2013 - minutes

12. Reports – Directors

a. Verbal comments by President
b. Written report by Director Quigley
c. Other Directors' 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. Recent Employee Activities
d. Status of 2012-2013 Conservation Activities
e. Legislative Update
f. Report on Water Sales and Connection Fee Revenue
g. Annual Report for the Groundwater Management Program for 2012 Water Year
h. Water Quality Management Program 2012 Water Quality Report
i. Verbal Reports

15. CLOSED SESSION

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

(b) Conference with Legal Counsel -- Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d)(2): 1 case.

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

(d) Conference with Real Property Negotiator:
Property: APNs 99-525-2, 99-550-2-3, 99-550-3-2, 99A-2700-2-5, 99A-2700-6-6, 99A-2700-9- 8, 99A-2700-10, 99A-2700-11-3, 99A-2700-12-6, 99A-2700-12-7, 99A-2420-4-13, 96-420-2, 96-420-3, 96-429-6, 99A-2701-1, 99A-2701-2, 99A-2701-3.
Agency negotiator: G.F. Duerig
Negotiating parties: Patliv; PTLM, Inc.; Henry H. Patterson Trust, and Charles Edwards Engs
Under negotiation: Price and terms of payment.

(e) Government Code Section 549547: Public Employee Performance Evaluation
Title: General Manager

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) Liaison Committee Meeting: May 22, 2013, 4:00 p.m.
   b) Water Resources Committee Meeting: May 29, 2013, 3:00 p.m.
   c) Special Board Meeting: June 5, 2013 (if needed)
   d) Regular Board Meeting: June 19, 2013, 7:00 p.m.

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

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

REGULAR MEETING
April 17, 2013

President Palmer called the regular meeting to order at 7:00 p.m. with a salute to the flag. The following were present:

DIRECTORS:	SANDS FIGUERS (arrived late) JOHN GRECI AJ 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, SENIOR GEOLOGIST, INTEGRATED PLANNING COLLEEN WINEY, ASSOCIATE GEOLOGIST, GROUNDWATER JAVIA GREEN, STAFF ANALYST, FINANCE RHETT ALZONA, SENIOR ENGINEER, FACILITIES ENGINEERING JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum

Margaret Tracy, former Zone 7 Board member and Livermore resident, added to her comments from last month's Board meeting saying that she hoped all Board members had a chance to read Peggy Purnell's letter. The specialist referenced in the letter said that with the process of using treated waste water for irrigation, within 50 years the whole basin will be contaminated. Ms. Tracy feels that one third of toxics identified by Zone 7 staff that exists within the basin need to be removed and she emphasized maintaining and protecting the quality of groundwater.

Item 4 - Minutes of the Regular Meeting of March 20, 2013

Director Ramirez Holmes had two corrections to her statements on Page 6 of the minutes.

Director Quigley moved to accept the corrected minutes and Director Ramirez Holmes seconded the motion. The corrected minutes were accepted by a voice vote of 6-0 with Director Figuers absent.

Item 5 - Consent Calendar

There were no public or board comments on the three consent items. Director Ramirez Holmes moved for approval and Director Greci seconded the motion. There was a roll call vote of 6-0 with Director Figuers absent and the following resolutions were approved:

Resolution 13-4261	The Board of Directors of Zone 7 supports and declares May as Water Awareness Month. (Item 5a)
Resolution 13-4262	Authorize the General Manager to negotiate and finalize the Easement Deed and the Board of Supervisors approve granting said Easement Deed and authorize the President of the Board of Supervisors to execute grant real property rights to PG& E in Exchange for the Quitclaim of an Underground Electric Line. (Item 5b)
Resolution 13-4263	Request and recommend that the Board of Supervisors grant real property rights required by the Right of Way Contract and approve the transfer of those rights in connection with the State Route 84 Widening Project in Livermore. (Item 5c-1)
Resolution 13-4264	Authorize the General Manager to accept said quitclaim deed from PG&E, execute a certificate of acceptance and have it recorded at the Office of the Recorder of Alameda County. (Item 5c-2)

Director Figuers arrived at 7:06 p.m.

Item 6 - Staffing Updates

Item 6a - Employee of the Month Recognition

At the request of the Employee of the Month, the item will be continued until next month's Board meeting.

Item 7 - Chain of Lakes Interim Operations Plan

Colleen Winey, a member of the Chain of Lakes planning team, and the Zone 7 representative to the East Pleasanton Specific Plan Task Force, gave a presentation to the Board and provided a handout showing the Chain of Lakes' location. Currently Zone 7 owns Lake I and Cope Lake. Lake H is on track to be turned over to Zone 7 in 2014. She then presented an overview of the methodology for the more formal land use planning for Cope Lake and Lakes H and I because the City of Pleasanton is currently developing the East Pleasanton Specific Plan (EPSP) and hope to have it completed by the end of the year.

Ms. Winey explained the scorecard methodology used to evaluate lake uses including water management and habitat restoration. The end result is to give a quantitative evaluation that puts "0" as the least compatible and "5" as the most compatible use. Once the evaluation is done, data scoring the lakes will show which lakes are most compatible for certain uses and which uses may not be the best choice for each lake.

Included in the presentation was a schedule of public meetings along with estimated milestones. A preliminary draft of the plans for Lake H and I is anticipated for June and the end of year for the EPSP.

Ms. Mahoney added that the purpose of this agenda item was not to create an Interim Operations Plan immediately to create a methodology to evaluate the multi-benefits of the lakes and give the Board a preliminary look at uses for the lakes. President Palmer commented that this is a good step towards helping the City of Pleasanton find out if their ideas are compatible with reality for the use of the Chain of Lakes.

Director Ramirez Holmes asked when the numbers will be final for discussion. She requested better outreach to the public and community resources such as environmental and recreation groups so they can weigh in on what Zone 7 is doing. She also asked that it be noticed more broadly and make an effort to talk to the public about the subject before it comes back to the Board. She is pleased with the progress of making the lines of communication more clear with the EPSP Task Force.

Director Quigley is concerned that it is named an Interim Operations Plan but it is Interim Evaluation Plan. He suggested adding a line for Education and Outreach to the table on Page 4 because this is listing the attributes of the Chain of Lakes but nothing on operations. The operation of the Chain of Lakes was determined in 1981 and the Stream Management Master Plan (SMMP) integrated community attributes, gravity, plumbing, and thru-put resources as well. The SMMP is simple and functional but this staff report of text and tables does not include the primary mode of operations for the Chain of Lakes. Staff is looking for acceptance of the scoring system based on attributes rather than operations. There needs to be a description of how the Chain of Lakes will be operated to capture water; how will Zone 7 capture more Del Valle water for the Chain of Lakes; and how will the Chain of Lakes use integrated water such as the South Bay Aqueduct, urban runoff, and possibly potential streams of recycled water for a diversified portfolio. The public needs a description of how the Chain of Lakes will be operated and it should include metrics regarding the volume, how water will be collected, and the average quality of water.

Ms. Mahoney said the intent from staff was to gather feedback on methodology and do more of an evaluation. They wanted to offer the Board an opportunity to update the 1981 rough description of the Chain of Lakes which didn't designate specific lakes for specific uses. The goal is to identity uses for the EPSP.

Director Greci stated that it is too premature to determine metrics because on the flood control side, there are other downstream water rights on arroyos we don't even know about yet so we need a study of the quarries and the best ways to use them. President Palmer agrees with the approach to find out the characteristics of lakes before you can determine uses.

<u>Public Comment:</u>

Kay Ayala, a Pleasanton resident and a member of the EPSP Task Force, spoke as a Pleasanton citizen and referred to a letter from Connie Cox, President of the Valley Trails Homeowners Association, which stated that homeowners in the Valley Tails and other neighborhoods near arroyos are concerned about flood control insurance and the potential threat of flooding. Ms. Ayala urged Zone 7 to be proactive in telling the task force what the agency needs to ensure future water quality and flood control in the Chain of Lakes.

Ms. Duerig replied that the SMMP does address regional flood protection using the Chain of Lakes and when we talk about uses, we are using the SMMP effort as a basis for evaluating potential flood storage in the various lakes. We have defined the need for a certain amount of storage during peak flow events so the downstream channels aren't forced over their capacity and water is diverted into the Chain of Lakes during those high-flow events then later released. The SMMP allows us to model the needs and those models are being updated. The Master Plan adopted by the Board in 2006, along with the associated EIR, is serving as a basis for our flood protection evaluation.

President Palmer says Zone 7 has developed what the needs are and what Zone 7 needs to do to protect the downstream areas from flooding, but make sure the leadership, public outreach and education are there, too, because we have to make sure that the flood protection and water quality are protected.

Director Figuers' main concern is the "breeding and hatching of fish in the wild to enhance the natural population" but 20 years from now he feels the operations of the Chain of Lakes will be severely compromised. It was never a through-going stream but we are trying to create a condition which never existed in nature.

Director Ramirez Holmes added that when Pleasanton started their process on the east side based on development and other things, it was a little ahead of Zone 7's timeline. It has been in Zone 7's Strategic Plan for visioning and the Board in their strategic planning last summer asked for an accelerated timeline. When the EPSP Task Force started and alternatives came out and visioning, we asked for it sooner than later. We do hear you and have also been working on it which is why it is coming before the board a little ahead of our timeline and why we are trying to push up the timeline to review and give appropriate feedback to the task force.

Ms. Duerig reminded everyone that the Stream Management Master Plan (SMMP) is posted on the Zone 7 website.

Item 8 - Interim Reserve Policy

Tom Hughes explained that the reason this is called an Interim Reserve Policy is that last year the Board directed staff to review the reserve policy and see if it needed to be updated. Our consultant, Robert Porr from Fieldman Rolapp & Associates, added that when looking at factors involved with creating a reserve policy and dealing with our retailers, we felt it was best to use the term "interim" because there are some questions we cannot answer yet about independence and other factors so it may change in the next year or two.

Staff Analyst JaVia Green presented the draft interim reserve policy agenda item to the Board and explained that the goal at this meeting is to have the Board adopt a resolution approving the draft policy. She provided a handout to the Board and reviewed the reserve policy objectives to establish prudent and fiscally responsible practices, provide a framework adaptable to change, integrated processes that take into account our rate setting process, the CIP process and providing adequate funding for Zone 7's water system as well as flood protection.

The Water Enterprise Fund provides Operating funds and is made up of four separate reserves: Rate Stabilization Reserve; Operating Reserve; Emergency Reserve; and the Drought Contingency Reserve. In addition there is the State Water Project Operating Reserve, Flood

Control Reserves, Water System Capital Reserves, and the Flood Protection & Stormwater Drainage Development Impact Fee Fund Capital Reserve.

Director Figuers inquired about the policy for replenishment of the Rate Stabilization Reserves. If we pull from the Rate Stabilization Reserve and use money and/or have a bad drought and pull money from the Drought Contingency Reserve - how many years will it take to bring it back to the level we want? Director Ramirez Holmes questioned what about when there are surpluses or extra money in the reserves.

Ms. Duerig explained that the board policy will have options to repay by increasing water rates to pay in one year or increase over five years, hold steady, or do inter-fund borrowing.

Director Figuers asked what is the historical pattern? How many funds have we dipped into? Ms. Green responded that we had a surplus last year and were able to keep water rates at 0%. Ms. Duerig added that we dipped into flood operating budgets and really depleted reserves but it has occurred in almost all the funds for various reasons. President Palmer noted that is why the Board can move funds around if needed and Ms. Green added that it is why we have minimums and maximums for the reserves.

Director Quigley asked if the Hacienda Owners Association is comfortable with the comments that were sent to them. Mr. Hughes said he had provided comments and offered to meet with James Paxson and the City of Pleasanton but staff is still working with the retailers. Director Ramirez Holmes added that Mr. Paxson still has a list of concerns and will follow-up with questions and issues to be addressed when the long-term financial plan is developed.

Director Stevens asked about industry standards. Mr. Hughes said they looked at the best industry practices and benchmarks for other industries. Mr. Porr explained that they gathered information by rating agencies and compared reserve balances with debt. Part of financial planning is a historical perspective of where money was used to fill in gaps.

Director Machaevich complimented staff on doing a fine job making the first step of where we are going and getting the numbers for minimums and maximums. Lots of questions need to be asked and answered as we move forward with long-term financial planning and tweak the interim reserve policy as needed.

Director Ramirez Holmes inquired about the timelines for using an interim policy. Mr. Hughes answered that the interim policy, if approved, will be in effect the day after the Board meeting but it takes at least two years to create a final long-term financial plan.

The Directors discussed if the reserve policy would be reviewed by the Board annually at budget time, if all the current reserves were within range based on current balances, where we ought to be, or are the ranges based on what we have as balances now?

Ms. Green said staff is working on the FY 13/14 budget and when the audit is adopted in October/November, the new balances will be available. Also, the new financial software will allow staff to run more frequent reports on total balances during the interim phase so the Board can get feedback regularly on total balances but she is not sure if it will show reserve allocations.

Director Figuers commented that the Finance Committee will get a better handle on the flow of money and what is needed and not needed, the mechanics of reserves, but how we actually operate is a different question.

Randy Werner, City of Livermore and Dan Martin, City of Pleasanton both made comments. Mr. Martin said that that in working with staff on reserve policies, an interim policy is critical and if it had been a permanent policy, they would have stronger opinions about what they are okay with and what they are not. They feel it was a step forward in the right direction from the original reserve policy and reasonable for the interim until long-term financial planning is done. The retailers want to help Zone 7 develop the mechanisms on when to use reserves.

Director Quigley moved and Director Figuers seconded a motion to establish an Interim Reserve Policy. Resolution 13-4265 was approved by a roll call vote of 7-0.

Item 9 - Award of Contract for the Arroyo Mocho Stanley Reach - Riparian Restoration and Channel Enhancement Pilot Project

Kurt Arends reminded the Board that there was a Stanley Reach CEQA presentation last month and Rhett Alzona showed a slide presentation regarding the project location and asked the Board for approval for the award of the contract to Applied Water Resources, Inc., the lowest responsible bidder, for the construction part of the project.

Director Ramirez Holmes expressed her concern regarding the cost of the project and said she does not feel a piecemeal approach is best. The budget and CIP was $500,000 so when the Board agreed to the item last month, there was no indication that there would be another $1.7 million contract.

Ms. Mahoney said staff had looked for a pilot project that demonstrates goals and a way to initiate a restoration project to show that an existing trapidozial channel can be modified. The project was developed assuming mitigation partners like Alameda County Transportation Commission (ACTC) and Cal Trans in exchange for mitigation credits. This $1.7 million will buy Zone 7 mitigation credits for future projects. ACTC and Cal Trans projects evaporated or had legal issues and they were unable to remain as partners. Phase 2 is an opportunity to mitigate with others. If plans are already worked out and a budget is available, Zone 7 would go ahead and design it for mitigation credits but we do not have funding unless a grant or mitigating partner shows up. If Zone 7 did not use the credits, they might be able to offer them to others in the future. Because of approval of last month's agenda item, Alameda County Surplus Property is getting some credits but Zone 7 is getting the majority. Ms. Mahoney stated that staff continued the design of the project they had started prior to finding out that partner funding didn't work out.

A discussion regarding the value and need for mitigation credits continued between Board members and Zone 7 staff. Mitigation credits can be banked and they do not expire.

President Palmer asked what happens to Phase I work if there aren't any partners for Phase II? Ms. Mahoney answered that downstream there is another dragon's tooth structure exactly like the first one and Zone 7 could provide plans for another mitigation partner and someone else could complete Phase II - both phases are fish passage barriers for Alameda Creek.

Director Figuers recommended that the project be withdrawn because the nature and scope have changed and the value of the credits are unknown for future projects.

Director Ramirez Holmes said the Board should be contacted before more work is done when things change such as losing the mitigation partners and now the Board has to decide if they shelve the project or move forward and spend more money. She asked about the scope of the whole project and if there is a written project plan showing how much each phase will cost.

General Counsel David Aladjem reminded the Board that the Engineers' estimate for the project before staff went out to bid was $2.2 million and the cost of the project is $1.7 million. The bigger question is what is the value of the credits and does it make sense for the Board to go forward? He gave examples of resource agencies and the value of the mitigation credits to show that creating credits is an obvious benefit for the agency.

Director Greci added that the choices are do it or don't get projects done because incomplete projects affect reliability. Zone 7 has big projects coming up because they were deferred as a way for the Agency to be frugal. He feels that regardless if a mitigation partner does want to be part of a project, these credits will be valuable.

Ms. Duerig said there is another factor involving good will and fair practices because regulatory agencies were pushed to get the necessary permits. There was lots of outreach with resource agencies who looked at Zone 7 as an agency who was going to make it happen. Many projects have been deferred but this project was accelerated because the pilot project will demonstrate if enhancement of the creek works and helps us plan for the future, establish plans, and create good will with the public. She feels strongly that now is the time to get it done because if it is successful, we will know which way to go when moving forward.

President Palmer said $1.2 million is a reasonable amount of money for this type of mitigation but the Board should have been warned sooner of the need to come up with more funds.

Director Figuers again stated that the Board needs to know factors such as the value of credits and can credits be sold to recoup costs. Because more information is needed to make a decision, he requested a postponement for one month but Ms. Duerig said a month delay may mean it doesn't get done this year.

Director Quigley said that during the SMMP stakeholder process, the community told the Board that this is the direction they want to go and mitigation credit banks will serve the Agency well in the future; partners may emerge and we may not need to pay at all.

Director Machaevich thanked the directors for asking questions and suggested that staff should be prepared to answer questions like this in the future. However, not moving forward, for now, may create a public misunderstanding of why Zone 7 pulled out. He asked Ms. Duerig if the credits are worth this amount of money. She responded that this is a chance to use mitigation credits, bank them for our projects, or sell to others. Flood control needs riparian habitat to mitigate, but whether they are used this year or next year is not as important as knowing it will be used because construction costs are low and staff time and resources have been expended to get the permits, so the value is there.

Director Stevens feels the Board saved $900,000 because doing it now when construction costs are low and going back for a bid later will be harder. Zone 7 has forged a path as the good guys of water districts and not approving the item will harm our credibility which is important to maintain and staff wouldn't bring it forward if it were not worth proceeding at this time.

Director Stevens moved for approval and Director Machaevich seconded the motion. There was a roll call vote of 5-2 with Directors Figuers and Ramirez Holmes voting no. Director Ramirez Holmes emphasized that she is trying to be a good steward of taxpayer money and is still concerned the Board doesn't have the full project details. President Palmer voted yes because the project is beneficial to Zone 7 but reminded staff to keep the Board better informed in the future.

<u>Item 8 - Committees:</u> Water Resources Committee - minutes.

<u>Item 10 - Reports - Directors</u>

a. Verbal comments by President - None

b. Written report by Director Quigley

   Director Quigley reported on the Santa Ana Watershed 3rd Annual Conference that he attended. Speakers talked about sedimentation, mitigation, and other topics. Details will be on the Water Education website. He referred staff to the best sedimentation study he has ever seen and encouraged them to look at it.

c. Other Directors' Verbal Reports - none.

<u>Item 11 - Items for Future Agenda - Directors</u> - none.

<u>Item 12 - Staff Reports</u> (Information items.)

a. General Manager's Report
b. Communications Outreach Activities
c. Legislative Update
d. Report on Water Sales and Connection Fee Revenue
e. Quarterly Update on Expansion Fund
f. Verbal Reports - none

Ms. Duerig gave a verbal report with good news that the East Bay Regional Park District authorized their General Manager to negotiate and execute a Memorandum of Understanding with Zone 7 as previously discussed with the Board.

The Board went into Closed Session at 9:27 p.m.

<u>Item 13 - Closed Session</u>

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

(b) Conference with Legal Counsel -- Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d)(2): 1 case.

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

(d) Conference with Real Property Negotiator:
Property: APNs 99-525-2, 99-550-2-3, 99-550-3-2, 99A-2700-2-5, 99A-2700-6-6, 99A-2700-9- 8, 99A-2700-10, 99A-2700-11-3, 99A-2700-12-6, 99A-2700-12-7, 99A-2420-4-13, 96-420-2, 96-420-3, 96-429-6, 99A-2701-1, 99A-2701-2, 99A-2701-3.
Agency negotiator: G.F. Duerig
Negotiating parties: Patliv; PTLM, Inc.; Henry H. Patterson Trust, and Charles Edwards Engs
Under negotiation: Price and terms of payment.

(e) Conference with Legal Counsel -- Existing Litigation (Gov't Code section 54956.9(d)(1): 2 cases

County of Butte v. Department of Water Resources (Court of Appeal, Third District Case No. C071785).

Sacramento Regional County Sanitation District v. Regional Water Quality Control Board, Central Valley Region (Sacramento County Superior Court No. 34-2011-80001028-CU-WM-GDS).

Item 14 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 10:08 p.m. There was no report out of closed session.

Item 15 - Adjournment

The meeting was adjourned at 10:10 p.m.

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

SPECIAL MEETING/BOARD WORKSHOP
May 1, 2013

Vice-President Stevens called the Special Board Meeting to order at 6:30 p.m. with a salute to the flag. The following were present:

DIRECTORS: SANDY FIGUERS
JOHN GRECI
AJ MACHAEVICH
SARAH PALMER
DICK QUIGLEY
ANGELA RAMIREZ HOLMES
WILLIAM STEVENS

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
DAVID ALADJEM, GENERAL COUNSEL
JUDY RECTOR, BOARD SECRETARY

Item 3 - Citizens Forum - None.

Item 4 - Public Comments - None.

The Board went into Closed Session at 6:31 p.m.

Item 5 - Closed Session

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

Item 6 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 8:29 p.m. There was no report out of closed session.

Item 7 - Verbal Reports - None.

Item 8 - Adjournment

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

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

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

AGENDA DATE: May 15, 2013 ITEM NO. **5a**

SUBJECT: Refund of Mountain House Golf Course Untreated Water Connection Fee Deposit

SUMMARY:

- In July 2000, the Zone 7 Board approved an application for Untreated Water Service submitted by William Costanzo for Mountain House Golf Course (MHGC)
- In 2001, MHGC made a deposit with Zone 7 to pay for Zone 7's administrative cost to build a new turnout on the California Aqueduct in eastern Alameda County. Zone 7 staff administrative costs related to the turnout exceeded the initial deposit by $24,114.61.
- Between 2001 and 2005, MHGC made five payments totaling $187,500 for an untreated water allocation of 50 acre-feet per year.
- In June 2008, prior to approval of the permanent turnout, MHGC went out of business while owing Zone 7 $24,114.61 in outstanding charges related to the turnout.
- In March 2013, William Costanzo, president of MHGC, submitted a request to refund $187,500 deposited for untreated water allocation less any outstanding charges related to the turnout design.
- Staff has reviewed the request and recommends a refund of $163,385.39 to Mountain House Golf Course, LLC from Fund 52 - Water Enterprise.
- Upon refund of the $163,385.39 to MHGC by Zone 7, MHGC will no longer hold interest in the 50 acre-feet per year untreated water allocation.
- Should the Board approve the refund from the Water Enterprise Fund, staff recommends reducing the total untreated water allocation by 50 acre-feet per year and utilize the water purchased for this allocation to supplement Zone 7's M&I supply.

FUNDING:

Funds are available in Fund 52 –Water Enterprise Fund.

RECOMMENDED ACTION:

Adopt the attached resolution authorizing a refund of $163,385.39 to Mountain House Golf Course, LLC and authorizing the General Manager to reduce the total untreated water allocation by 50 acre-feet per year.

ATTACHMENTS:

1. Interoffice Memo
2. Zone 7 Board Resolution
3. Letter from William Costanzo

Interoffice Memo

Date: May 15, 2013
To: Jill Duerig, General Manager
From: Sal Segura, Associate Civil Engineer
Subject: Refund of Mountain House Golf Course Untreated Water Connection Fee Deposit

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

BACKGROUND:

In July 2000, the Zone 7 Board approved an application for Untreated Water Service submitted by William Costanzo for Mountain House Golf Course (MHGC). Mr. Costanzo purchased 140 acres in 1998 using his company name, Danville Land and Development to develop a future golf course. In June 2001, before the golf course was developed, the property was transferred to Mountain House Golf Course, LLC.

In 2001, staff received requests from Mr. Costanzo to coordinate with California Department of Water Resources (DWR) to allow MHGC to build a new turnout on the California Aqueduct in eastern Alameda County to irrigate the new golf course. In the interim, MHGC would enter a Temporary Untreated Water Service Agreement to access their water using a portable pump system. For the permanent turnout, MHGC was required to deposit money into a trust fund from which Zone 7 could charge administrative costs related to the turnout. A connection fee was also required for all untreated water acquired post-1997. The total connection fee paid on behalf of MHGC was $187,500 for 50 acre-feet per year. This fee was paid in five annual installments by MHGC and Danville Land & Development Co.

In June 2008, just before DWR approved the permanent turnout, MHGC went out of business. Earlier that year, MHGC had also fallen behind on their Zone 7 bills and nearly had their service suspended. Although MHGC made an initial deposit with Zone 7 to build a new turnout on the California Aqueduct, it was not sufficient to cover Zone 7's costs related to the turnout design review process. The amount still outstanding is $24,114.61.

DISCUSSION:

In late 2012, Mr. William Costanzo inquired about MHGC's untreated water allocation and staff informed him that MHGC has an outstanding balance of $24,114.61 for administrative costs related to the turnout design not covered by the initial deposit in the trust fund. In March 2013, Mr. Costanzo submitted a formal request (attached) to refund the untreated water connection fee paid by MHGC. As stated in the refund request, Mr. Costanzo, as president of MHGC has agreed to reducing the refund by the outstanding balance and relinquishing the untreated water allocation upon receipt of refund payment.

Since MHGC's plans were to take delivery of this water in Reach 2 of the California Aqueduct, no facility was built and paid for by Zone 7 to serve MHGC's 50 acre-feet untreated water demand. The only cost incurred by Zone 7 related to this untreated water demand is the outstanding balance related to the turnout design. The impact of refunding the untreated connection fee deposit ($187,500) minus the outstanding balance ($24,114.61) from the Water

Enterprise Fund and reducing the total untreated water allocation by 50 acre-feet per year is equivalent to purchasing 50 acre-feet of new water supply for treated water customers.

RECOMMENDATION:

Staff has reviewed the request and recommends issuing an adjusted refund for $163,385.39 payable to Mountain House Golf Course, LLC. and authorizing the General Manager to reduce the total untreated water allocation by 50 acre-feet per year.

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

INTRODUCED BY
SECONDED BY

Refund of Mountain House Golf Course Untreated Water Connection Fee Deposit

WHEREAS, Mountain House Golf Course, LLC paid a connection fee for an untreated water allocation of 50 acre-feet per year in the amount of $187,500; and

WHEREAS, Mountain House Golf Course owes Zone 7 $24,114.61 in unpaid administrative costs for design review of a new turnout; and

WHEREAS, William Costanzo, president of said golf course has requested a refund of Mountain House Golf Course's untreated water connection fee; and

WHEREAS, Mountain House Golf Course agrees the refund should be reduced by the outstanding balance of $24,114.61 and agrees to relinquish the untreated water allocation upon receipt of payment.

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 approve a refund of Zone 7 Untreated Water Connection Fee to Mountain House Golf Course, LLC in the amount of $163,385.39; and

BE IT FURTHER RESOLVED that the Auditor Controller is hereby authorized and directed to draw a warrant in the amount of $163,385.39 from Zone 7 Fund 52 – Water Enterprise Fund made payable to Mountain House Golf Course, LLC; and

BE IT FURTHER RESOLVED that the Board hereby authorizes the General Manager to reduce the total untreated water allocation by 50 acre-feet per year.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on May 15, 2013.

By: ______________________________
President, Board of Directors

March 19, 2013

Mr. Sal Segura, Associate Civil Engineer
Zone 7 Water Agency
100 N. Canyons Parkway
Livermore, CA 94551

Subject: Refund of Untreated Water Connection Charges Paid for Mountain House Golf Course, LLC

Dear Sal,

On behalf of Mountain House Golf Course, LLC (MHGC), I am transmitting this letter to serve as a formal request to Zone 7 to refund $187,500 in untreated water connection charges paid for a 50 acre-foot per year allocation for MHGC. In addition, I understand that this amount will be reduced by $24,114.61 for unpaid work related to the MHGC turnout project, leaving a net remittance to MHGC of $163,385.39. It should be made out to Mountain House Golf Course, LLC. I understand that upon receipt of this amount, MHGC's interest in said 50 acre-foot per year water allocation will thereafter be released.

Thank you very much for all your hard work in this matter. It is greatly appreciated.

Sincerely,

William Costanzo, President
Mountain House Golf Course, LLC

Virginia D. Costanzo, Secretary-Treasurer
Mountain House Golf Course, LLC

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 Hughes

AGENDA DATE: April 17, 2013 ITEM NO. **6a**

SUBJECT: February Employee of the Month Recognition, continued

SUMMARY:

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

Sal Segura, Associate Civil Engineer in the Facilities Engineering Section has been chosen from among those nominated as the February 2013 Employee of the Month. He is based at the North Canyons office and reports to Rhett Alzona, Senior Engineer.

Sal was recommended to the committee as an integral part of the Agency, with responsibility for water operations planning. Given this, Sal has gained extensive working knowledge of both water supply contracts and untreated water contracts. On a regular basis, Sal projects available water supplies and plans how to optimize available water to meet water deliveries and manage our water storage reserves. Sal also manages the agency's PG&E and alternative energy contracts and works to minimize energy usage at Zone 7 facilities which, in turn, saves Zone 7 money.

Due to his computer skills and knowledge of data sources, Sal often works with other sections in pursing Agency goals. For example, he has worked with the Integrated Planning section in development of an Arroyo Valle Water Accounting Model. Sal shows his ability to both be persistent and adapt to changing needs of the Agency. Finally, it was shared that Sal has volunteered and participated in the sediment transport data collection for Flood Control. Sal has a positive attitude and is a team player. Sal is a valuable and appreciated part of our Agency.

The committee seconded the recommendation and recognized Sal Segura 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 Sal Segura as February 2013 Employee of the Month.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Administrative Services
CONTACT: Tom Hughes

AGENDA DATE: May 15, 2013 ITEM NO. **6b**

SUBJECT: March Employee of the Month Recognition

SUMMARY:

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

Daren Putman, Water Quality Laboratory Technician in the Water Quality Section has been chosen from among those nominated as the March 2013 Employee of the Month. He is based at the Del Valle Water Treatment Plant and reports to Gurpal Deol, Water Quality Manager.

Daren was recommended to the committee as a valuable team member of the Water Quality staff. He joined Zone 7 in August 2010 and during his relatively short time with the agency has developed valuable expertise in water quality testing, field work and sampling. Daren willingly accepts new assignments and shows flexibility in his ability to accommodate laboratory work needs. Daren has demonstrated his willingness to take on extra assignments and tasks and completes these tasks within regulatory deadlines. He completes his work assignments with a positive attitude and displays a willingness to learn new tasks. Because of these important qualities he is much appreciated by Water Quality staff.

The committee seconded the recommendation and recognized Daren Putman 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 Daren Putman as March 2013 Employee of the Month.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Administrative Services
CONTACT: Boni Brewer/Mike Wallace

AGENDA DATE: May 15, 2013 ITEM NO. **7**

SUBJECT: Presentation by Science & Engineering Fair Awardees

SUMMARY:

- On March 9, Gurpal Deol (Water Quality Manager) and Tami Church (Junior Water Resources Planner) represented Zone 7 as *Special Awards* judges of water-related projects during the Alameda County Science and Engineering Fair.
- The event, with hundreds of entries on everything from environmental science to medicine, to computer science, was geared to high school and middle school students and was held at the Alameda County Fairgrounds in Pleasanton.
- Zone 7's judges evaluated only those water-related projects that were submitted by students within Zone 7's service area.
- The three teams of students selected to receive awards for their water-related projects have been asked to make short presentations at the Board meeting.
- This recognizes the great work these students did in their research, congratulates them in a public setting, and serves as a way to help recognize May as Water Awareness Month.

The following three teams of students received Zone 7 awards for their projects:

- **Brittany Brunckhorst and Mallika Pajjuri, Fallon Middle School,** who got a middle school team water award for their study entitled, "The Amazing Water Cleanser."

- **Jacob Rakestraw and Ethan Valdez, Livermore High School,** who got a high school team water award for their study entitled, "Are You Thirsty?

- **Nadia Hassen, Benjamin Newton, Lucas Pham and Ryan Friesen, Livermore High School,** who got a high school team water award for their study entitled, "Solar Aqueducts."

FUNDING:

As in past years, these water award winners received small cash prizes from Zone 7 funded by Fund 52 – Water Enterprise.

RECOMMENDED ACTION: This is for information only; no action is requested.

ATTACHMENT: Memo Providing Additional Background and Discussion on Agenda Item

Interoffice Memo

Date: May 15, 2013
To: Jill Duerig
From: Boni Brewer/Mike Wallace
Subject: 2013 Science & Engineering Fair Awardees

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

BACKGROUND:

Zone 7 staff served as *Special Awards* judges of water-related projects during the recent Alameda County Science and Engineering Fair. This year's event involved nearly 400 entries on everything from environmental science, to public health and engineering innovations. Projects specifically judged by Zone 7 were those having relevance to water quality, water treatment, groundwater, hydraulics, hydrology, or water resources planning.

This year's judges from Zone 7 were Gurpal Deol (Water Quality Manager), and Tami Church (Junior Water Resources Planner). We appreciate their efforts and thank them for contributing their personal time in judging these projects on a Saturday.

We also congratulate all the science fair participants and appreciate all of their dedication and hard work.

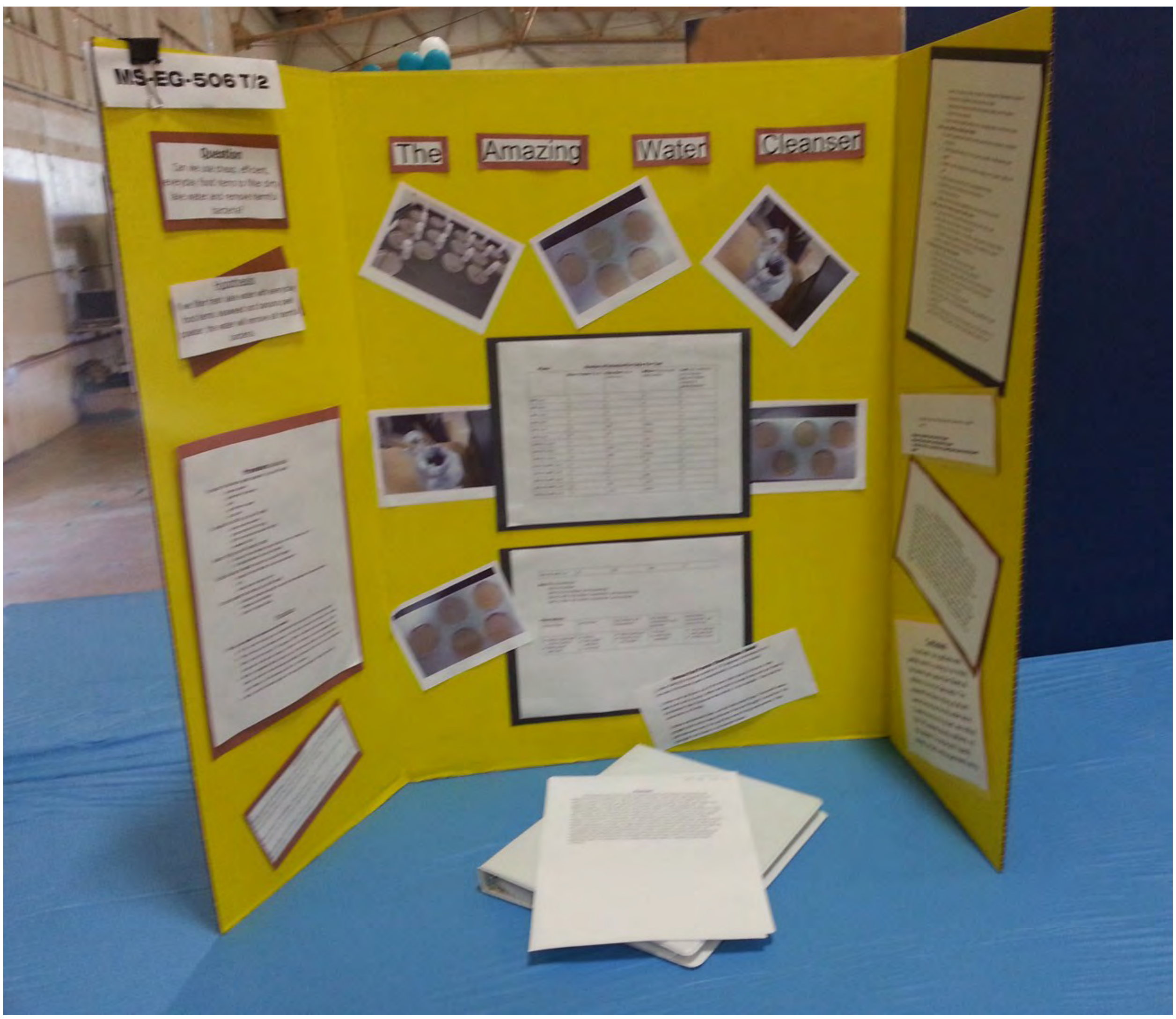
DISCUSSION:

The following students received water awards from Zone 7 for their projects:

Brittany Brunckhorst and **Mallika Pajjuri, Fallon Middle School – "The Amazing Water Cleanser" –** Middle School Team Award

Brittany and Mallika wanted to investigate ways to provide safe access to clean drinking water in developing countries. They wanted to see if readily accessible household items could be used to filter out certain bacteria from untreated water from Lake Elizabeth. Wanting to select inexpensive, easily obtainable filter media, the students selected banana peels, cheesecloth, and seaweed for their experiment. The experiment included all key elements, such as boiled water for control and an unfiltered sample to assess the impact of different filter setups. The judges liked the project's simplicity, the careful experimental setup, and potential implication for third world countries. But overall the judges were very impressed by the students' excellent project presentation and thoughtful responses to all questions.

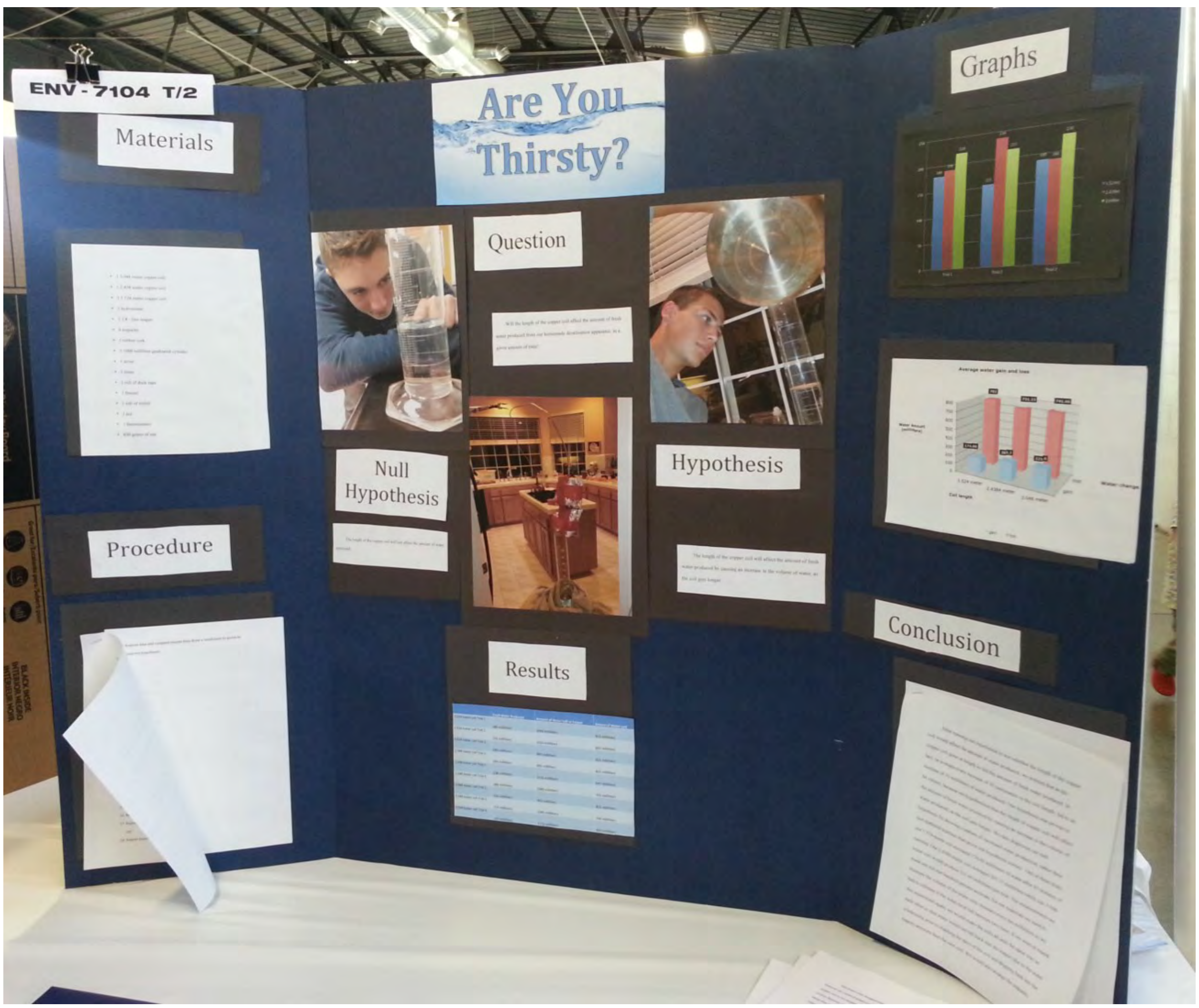
"The Amazing Water Cleanser"



Jacob Rakestraw and **Ethan Valdez, Livermore High School – "Are You Thirsty?" –** High School Team Award

Faced with increasing periods of water scarcity, Jacob and Ethan saw the ocean as an underutilized source of drinking water. They wanted to develop an inexpensive desalination setup that people could use at home. Their initial configuration produced "clean" water. However, they noticed that they could improve the efficiency by using longer copper tubing. Their simple distillation process used easily available items to demonstrate potential generation of fresh water using inexpensive materials; their apparatus cost $20 in materials. The judges liked the universal appeal of the project, the simplicity of the desalination method, and the enthusiasm of the team at planning for future drinking water sources.

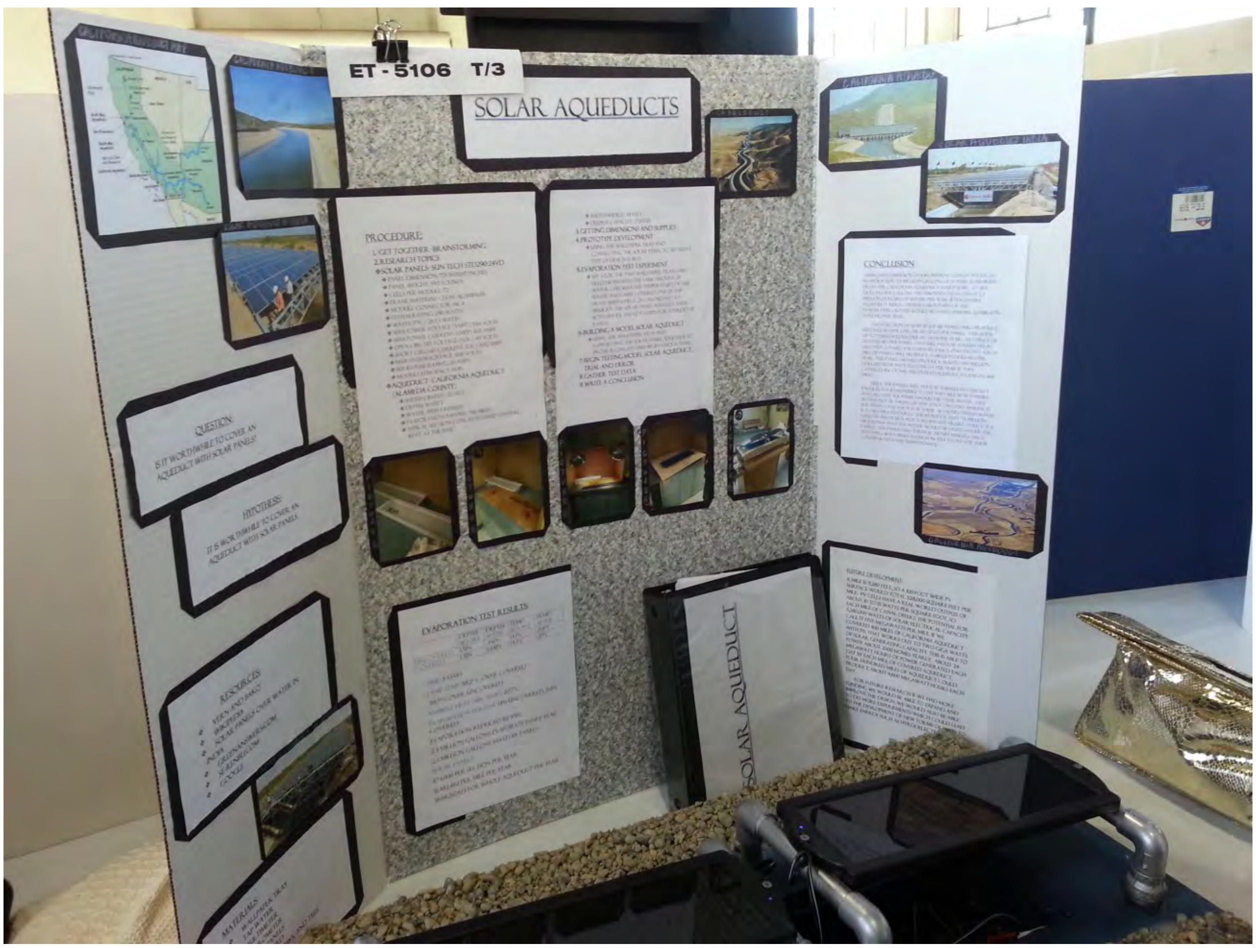
"Are You Thirsty?"



Nadia Hassen, Benjamin Newton, Lucas Pham and **Ryan Friesen, Livermore High School – "Solar Aqueducts" –** High School Team Award

The students were inspired by solar aqueducts currently being built in India. The students wanted to test the feasibility of using solar panel arrays to create a cooling effect and reduce evaporative losses. In their experimental setup, they tested a covered-vs.-uncovered pan of water under a heat lamp and found that covering the pan did reduce evaporative losses. In addition to preserving water, the students wanted to estimate the energy that could be generated if the California Aqueduct was fully covered with solar arrays. This project included both water conservation and energy generation concepts. The project was well thought out and cited global projects, recent innovations, lower cost of solar panels, and potential payback period. California aqueducts were presented as good candidates due to their length and the energy demands of distributing water throughout the state. The students were enthusiastic, well-informed, and took a very pragmatic approach to evaluating the feasibility of "Solar Aqueducts" in California.

"Solar Aqueducts"



We wish to congratulate the winners of this year's contest!

FUNDING:

As in past years, winners received small cash awards from Zone 7 funded by Fund 52 – Water Enterprise.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Integrated Planning
CONTACT: Carol Mahoney

AGENDA DATE: May 15, 2013 ITEM NO. **8**

SUBJECT: Alameda County Board of Supervisors Water Awareness Month Proclamation

SUMMARY:

- On May 7, 2013, Zone 7 Water Agency was invited to attend the Board of Supervisors meeting to accept a proclamation declaring May 2013 as Water Awareness Month and to discuss the agency's efforts to further water awareness in Alameda County.
- Along with Zone 7, directors and representatives from three other water purveyors were present at the meeting including Alameda County Water District, Dublin San Ramon Services District, and East Bay Municipal Utilities District.
- From the Livermore-Amador Valley, three other retailers were recognized at the meeting for their efforts to promote water awareness including California Water Service Company, City of Livermore, and City of Pleasanton. Zone 7 will be conveying the proclamations to those retailers present tonight.
- Zone 7 is a wholesale water supplier to the Livermore-Amador Valley, delivering potable water to over 200,000 residents, businesses and institutions. Zone 7 also supplies irrigation water to local agriculture: a 200 million dollar industry in our valley including world class vintners. We are proud to provide watershed management and flood control to over 425 square miles of Eastern Alameda County.
- One of Zone 7's goals is help educate the public on a whole watershed approach. Our watershed protection and management approach has meshed nicely with the watershed approach now encouraged by the EPA.
- The Zone 7 Water Supply Evaluation has identified a diverse portfolio of management options, including conservation and optimization of local and imported water supplies through integrated water management. We one of the few local agencies able to integrate the management of surface, ground and flood waters to ensure a sound water availability system.
- To celebrate Water Awareness Month, Zone 7:
  - recognizes water related projects from the recent Alameda County Science and Engineering Fair; and
  - provides grade-appropriate schools programs – very well received by teachers and students alike; and
  - promotes public tours of water-wise gardens throughout the East Bay including "Bring Back the Natives" and Bay-Friendly Garden tours; and
  - helps promote drought-tolerant landscaping and sponsors gardening workshops.
- Zone 7 adopted a Stream Management Master Plan that includes optimizing water resource management in the Valley's Chain of Lakes by integrating groundwater recharge and flood protection operations, and is working closely with the City's task force which is developing the East Pleasanton Specific Plan.
- Staff has been developing a methodology for evaluating each component of the Chain of Lakes system in an objective, systematic and transparent way to ascertain best uses and management as we go forward with our local communities. For more information, visit our web page at www.zone7water.com.

FUNDING: Not applicable.

RECOMMENDED ACTION: Informational only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Administrative Services
CONTACT PERSON: Tom Hughes

AGENDA DATE: May 15, 2013 ITEM NO. **9**

SUBJECT: **Proposed Budget for Fiscal Year 2013/14**

SUMMARY:

- For fiscal year (FY) 2013/14, the total proposed budget for all the operating and capital funds is $151.6 million; this is a $59.3 million increase, or 64.3% more than the FY 2012/13 estimated actuals.

- The total budget proposed for the Water Enterprise System funds is $83 million; this is a $4.2 million decrease, or 4.8% less than the FY 2012/13 estimated actuals.

- The total budget proposed for the Flood Control System funds is $28.2 million; a $19 million increase, or 207% more than the FY 2012/13 estimated actuals.

- The proposed budget was presented to the Finance Committee on April 22, 2013 and the Committee recommended it for adoption by the full Board. A meeting was held on April 18, 2013 to brief the Tri-Valley Water Retailers Group (TWRG) on the proposed budget.

RECOMMENDED ACTION:

Discuss and adopt the proposed budget for FY 2013/14 by approving the attached resolution.

ATTACHMENTS:

Memorandum
Resolution
Exhibit A – Summary of Annual Budget by Account Classification
Annual Budget by Account Classification
General Ledger Account Structure

M E M O R A N D U M

DATE: May 15, 2013

TO: Jill Duerig, General Manager

FROM: Tom Hughes, Assistant General Manager, Administrative Services

SUBJECT: **Proposed Budget for Fiscal Year 2013/14**

BACKGROUND/DISCUSSION:

The proposed budget for fiscal year (FY) 2013/14 is being presented to the Board for review, discussion and adoption. Staff presented the proposed budget to the Finance Committee for review on April 22, 2013, and after discussions, the Committee supported the budget as proposed for adoption by the full Board on May 15, 2013. As a part of the budget development, staff held a review meeting with the Tri Valley Water Retailers Group on April 18, 2013.

Issues and Trends

Financial issues facing the Agency continue to be the slow recovery of the economy, the increasing effect on revenue from water conservation efforts and the continued allocations to our Asset Management Program. New development within the service area has been picking up, albeit at a low but steady rate, providing slight growth in new water rate payers and connection fee revenue. A leveling-off in property values has resulted in stabilization of the 2011 and 2012 assessment roll. Alameda County's average unemployment rate has decreased, now registering 7.7 percent as of April 2013, below the 2012 rate of 9.0 percent, confirming signs of a slow but steady economic stabilization.

The Water Conservation Act of 2009 (SBX7-7) sets an overall goal of reducing per capita urban water use by 20% by the end of 2020, and calls for agricultural water suppliers to prepare and adopt water management plans. Water conservation and other recycling efforts are nearing the level of "demand hardening" or maximum potential as all new construction and landscaping is utilizing improved ecological designs, and older systems have been updated. Water demands continue to decrease while fixed costs remain high.

With the addition of new facilities, and as the water system infrastructure ages with time, the annual funding of the Renewal/Replacement and System-wide Improvement Fund from the Water Enterprise Fund is increasing. An updated Asset Management Program study to assess the condition of Zone 7's infrastructure was adopted by the Board on June 15, 2011. Funding transfers increasing from $6.6 million in FY 2012/13 to $11.4 million in FY 2017/18 will be made from the Water Enterprise Fund into the Renewal/Replacement and System-wide Improvements Fund.

An interim reserve policy was adopted by the Board on April 17, 2013. Under the proposed budget, all reserve balances continue to meet the reserve levels outlined in the policy.

The implementation of the new financial software has required substantial, focused resources and a major shift in the way the Agency develops, manages and reports its budgets. For instance, staff completely reorganized the General Ledger account structure, tracking appropriations and expenses by program and sub-program. Programs and sub-programs have been delineated in order to better track and report associated finances. Staff is reporting the Funds in both the new and old Fund names to aid in this transition. The new budget structure includes: four (4) Water Enterprise Funds (100, 110, 120, 130), two (2) "Governmental" or Flood Control Funds (200, 210), ten (10) Sections, and seven (7) Programs.

As the go-live, switchover date of July 1, 2013 for the financial software approaches, staff is working diligently to enter all new budget information into the New World software while at the same time continuing to use Fundware. As staff gains valuable experience in the operating of this software, the day-to-day management of each Section's budget will become a more meaningful management tool.

Staffing

The FY13/14 budget funds 106 full-time equivalent positions. Of the 106 funded positions, there are ten (10) vacant, unfilled positions as of June 20, 2013. The number of funded positions does not include any identified in the "soft" hiring freeze that began in FY 2009/10. The initiative is continuing with eleven (11) positions planned to remain unfilled in FY 2013/14 which equates to a reduction of the FY 2013/14 personnel cost by approximately $2.2 million.

Water Enterprise Funds:

Water Enterprise Fund – Fund 100 (formerly Fund 52)

Category	*11/12 Actual*	*12/13 Adopted Budget*	*12/13 Estimated Actual*	*13/14 Proposed Budget*	*% Change (13/14 budget to 12/13 est actuals)*
Revenue	$ 36,013,796	$ 37,305,455	$ 34,882,112	$ 37,884,745	8.61%
Expenses	$ 29,146,838	$ 38,804,500	$ 37,653,711	$ 41,823,474	11.07%
Reserves	$ 27,252,955	$ 20,028,729	$ 24,481,356	$ -	-100.00%
Reserve Levels	13/14 Min	$ 2,259,885	13/14 Max	$ 6,800,000	

The proposed Water Enterprise Fund Budget – Fund 100 (formerly Fund 52) expenditure budget is $41.8 million and reserves are $20.5 million. The FY 13/14 expenditures are increasing by $4.2 million compared to the FY 12/13 estimated actuals primarily due to a combination of higher Asset Management Plan (AMP) transfer and an increase in professional services. The FY 13/14 revenues are increasing by $3.0 million compared to FY 12/13 due to higher water volume of water requested and a 2.65% water rate increase. Reserves are decreasing by $3.9 million due to use of funds.

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

Category	*11/12 Actual*	*12/13 Adopted Budget*	*12/13 Estimated Actual*	*13/14 Proposed Budget*	*% Change (13/14 budget to 12/13 est actuals)*
Revenue	$ 15,738,218	$ 12,600,971	$ 12,244,635	$ 13,798,385	12.69%
Expenses	$ 13,858,279	$ 13,974,125	$ 13,837,954	$ 14,118,181	2.03%
Reserves	$ 10,603,823	$ 8,220,442	$ 9,010,504	$ -	-100.00%
Reserve Levels	13/14 Min	$ -	13/14 Max	$ -	

The proposed State Water Facilities Fund Budget – Fund 110 (formerly Fund 51) expenditure budget is $14.1 million and reserves are $8.7 million. This is a pass-through fund for fixed charges associated with the State Water Project assessed as property tax override. The FY 13/14 expenditures are increasing $0.3 million over the FY12/13 estimated actuals, based on Department of Water Resources' (DWR) statement of charges (SOC) and estimates for 2014. The FY 13/14 proposed revenues are increasing slightly over FY 12/13, by $1.5 million in order to maintain reserve target levels. Reserves are decreasing by $0.3 million due to the use of the fund balance.

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

Category	*11/12 Actual*	*12/13 Adopted Budget*	*12/13 Estimated Actual*	*13/14 Proposed Budget*	*% Change (13/14 budget to 12/13 est actuals)*
Revenue	$ 5,707,614	$ 6,768,253	$ 7,035,276	$ 8,831,962	25.54%
Expenses	$ 4,985,890	$ 12,023,062	$ 11,701,991	$ 14,920,377	27.50%
Reserves	$ 21,733,112	$ 14,019,726	$ 17,066,397	$ -	-100.00%
Reserve Levels	13/14 Min	$ -	13/14 Max	N/A	

The proposed Water Renewal/Replacement & System-wide Improvements Budget – Fund 120 (formerly Fund 72) expenditure budget is $14.0 million and reserves are $11.0 million. The FY 13/14 expenditures are increasing by $2.3 million compared to the FY 12/13 estimated actuals due to an increase in capital projects. The FY 13/14 revenue budget is $8.8 million, increasing by $1.8 million compared to FY 12/13 estimated actuals, due to a higher AMP transfer from Fund 100. Along with various capital projects and a share of watershed investments, this results in a decrease in reserves of $6.1 million.

Water Expansion – Fund 130 (formerly Fund 73)

Category	*11/12 Actual*	*12/13 Adopted Budget*	*12/13 Estimated Actual*	*13/14 Proposed Budget*	*% Change (13/14 budget to 12/13 est actuals)*
Revenue	$ 13,659,740	$ 15,011,472	$ 20,997,629	$ 20,948,165	-0.24%
Expenses	$ 17,486,256	$ 22,455,379	$ 19,887,027	$ 52,528,015	164.13%
Reserves	$ 51,782,174	$ 41,053,224	$ 52,892,776	$ -	-100.00%
Reserve Levels	13/14 Min	$ -	13/14 Max	N/A	

The Proposed Water Expansion Fund Budget – Fund 130 (formerly Fund 73) expenditure budget is $52.5 million and reserves are $21.3 million. The FY 13/14 expenditures are increasing by $32.6 million compared to the FY 12/13 estimated actuals due to the payoff of the ISA in December 2013. The proposed FY 13/14 revenue budget is $20.9 million, increasing by $0.05 million compared to FY 12/13 due primarily to a slightly higher projected volume of connection fees. Reserves are decreasing $31.6 million due to payment of the ISA.

Flood Control Funds:

General Fund/Flood Control – Fund 200 (formerly Fund 50)

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Proposed Budget	% Change (13/14 budget to 12/13 est actuals)
Revenue	$ 6,030,897	$ 6,096,119	$ 6,049,576	$ 6,200,347	2.49%
Expenses	$ 8,499,484	$ 5,654,148	$ 6,012,893	$ 22,230,365	269.71%
Reserves	$ 23,559,397	$ 22,965,703	$ 23,596,080	$ -	-100.00%
Reserve Levels	13/14 Min	$ -	13/14 Max	$ -	

The proposed General Fund/Flood Control Budget – Fund 200 (formerly Fund 50) expenditure budget is $22.2 million and reserves are $7.6 million. The FY 13/14 expenditures are increasing $16.2 million compared to the FY12/13 estimated actuals due to an increase in capital projects. The FY 13/14 proposed revenues are increasing slightly over FY 12/13 estimated actuals, by $0.2 million due to inflation, and reserves are decreasing by $16.0 million due to the use of the fund balance for watershed investments.

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

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Proposed Budget	% Change (13/14 budget to 12/13 est actuals)
Revenue	$ 5,607,366	$ 2,027,330	$ 3,227,500	$ 2,632,000	-18.45%
Expenses	$ 5,726,128	$ 3,347,956	$ 3,177,357	$ 5,962,539	87.66%
Reserves	$ 36,696,155	$ 29,172,457	$ 37,096,280	$ -	-100.00%
Reserve Levels	13/14 Min	N/A	13/14 Max	N/A	

The Proposed Flood Protection and Stormwater Drainage Budget – Fund 210 (formerly Fund 76) expenditure budget is $6.0 million and reserves are $33.8 million. The FY 13/14 expenditures are increasing $2.8 million over the FY12/13 estimated actuals. The proposed FY 13/14 revenues are decreasing under FY 12/13, by $0.6 million due to a conservative projection of development activity. Reserves are decreasing by $3.3 million due to the use of the fund balance for watershed investments.

Summary of the proposed FY 2013/14 budget for Zone 7

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Proposed Budget	% Change (13/14 budget to 12/13 est actuals)
Revenue	$ 82,757,632	$ 79,809,600	$ 84,436,728	$ 90,295,604	6.94%
Expenses	$ 79,702,875	$ 96,259,170	$ 92,270,933	$ 151,582,951	64.28%
Reserves	$ 171,627,616	$ 135,460,281	$ 164,143,393	$ -	-100.00%

Recommended Action

Discuss and adopt the attached resolution approving the Zone 7 budget for FY 13/14.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District, acting pursuant to authority granted by California law, does hereby approve the following budgets, including revenue, expenses and the use of fund balance for Fiscal Year 2013/14 (Exhibit A):

1. Water Enterprise Budget (Fund 100);
2. State Water Facilities Budget (Fund 110);
3. Water Renewal & Replacement, System-Wide Improvements Capital Projects (Fund 120);
4. Water Expansion Capital Projects (Fund 130);
5. General Fund/Flood Control Budget (Fund 200);
6. Flood Protection/Stormwater Drainage DIF Capital Projects (Fund 210); and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7, acting pursuant to authority granted by California law, does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7 in the budget of said District, where applicable; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7, acting pursuant to authority granted by California law, understands that, as in the past, the monies called for in said budgets of Zone 7 will be collected in the normal course of business by the County of Alameda, acting on behalf of Zone 7; and

BE IT FURTHER RESOLVED that Section 1 (b) of Article XIIIA of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by voters prior to July 1, 1978, from the limitations set forth in Section 1 (a) of Article X111A; and

BE IT FURTHER RESOLVED that the District's indebtedness from its State Water Supply Contract falls within such exemption; and

BE IT FURTHER RESOLVED, that consistent with the requirements of law and specifically within the limitations imposed by Article XIIIA of the Constitution of the State of California there shall be levied in Fiscal Year 2013-14 a property tax within the District sufficient to raise the sum of $10,500,000 to meet that portion of the District's State Water Supply Contract obligation. All funds received by the District pursuant to the aforementioned property tax levy shall be placed in a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7, acting pursuant to authority granted by California law, does hereby request the Board of Supervisors of said District to levy a tax on all property of Zone 7 sufficient to assure payment of sums due under the District's State Water Supply Contract for the State Water Facilities Fund to make payments; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District, acting pursuant to authority granted by California law, does hereby approve the personnel actions, if any, as contained in the Zone 7 Budget for Fiscal Year 2013/14 and authorize the General Manager to implement such personnel actions; and

BE IT FURTHER RESOLVED that the General Manager is authorized and directed to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues or expenditures.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on May 15, 2013.

By:__________________________________
President, Board of Directors

Exhibit A

Summary of Annual Budget by Account Classification - FY 13/14 Proposed Budget

	FY 13/14 PROPOSED BUDGET	Fund 100 Water Enterprise	Fund 110 State Water Facilities	Fund 120 Water Enterprise Capital Renewal/Replacement/ Improvements	Fund 130 Water Enterprise Capital Expansion	Fund 200 Flood Protection/General Fund	Fund 210 Flood Protection Development Impact Fees	Total
1	Available Fund Balance July 1, 2012	$ 27,252,955	$ 10,603,823	$ 21,733,112	$ 51,782,174	$ 23,559,397	$ 36,696,155	$ 171,627,616
2	FY 12/13 Projected Change in Fund Balance (Revenue over Expenses)	(2,771,599)	(1,593,319)	(4,666,715)	1,110,602	36,683	400,125	(7,484,223)
3	FY 12/13 Budgeted Change in Fund Balance (Revenue over Expenses)[1]	(1,499,045)	(1,373,154)	(5,254,809)	(7,443,906)	441,971	(1,320,626)	(16,449,569)
4	Estimated Beginning Fund Balance July 1, 2013	24,481,356	9,010,504	17,066,397	52,892,776	23,596,080	37,096,280	164,143,393
5	**Revenue**							
6	Water Sales & Service	37,664,745	1,299,710					38,964,455
7	Property Taxes		11,247,000			5,979,557		17,226,557
8	Development Fees			250,000	18,400,000		2,500,000	21,150,000
9	Charges for Services		45,000	7,500		3,000		55,500
10	Aid from Governmental Agencies - State	700	611			54,000		55,311
11	Aid from Governmental Agencies - Local					690		690
12	Investment Earnings	95,000	16,522	74,462	166,565	110,600	132,000	595,149
13	Rents and Royalties	31,000				17,500		48,500
14	Other Revenue	93,300	1,189,542		2,381,600	35,000		3,699,442
15	Transfers			8,500,000				8,500,000
16	**Total Revenue**	37,884,745	13,798,385	8,831,962	20,948,165	6,200,347	2,632,000	90,295,604
17	**Expenses**							
18	Labor and Benefits Distributed	13,909,726				1,457,332		15,367,058
19	Credits/Charges for Applied Overhead	(1,792,812)		863,597	131,348	642,733	155,134	-
20	Purchased Services	4,074,437				947,901		5,022,338
21	Water	6,878,235	14,118,181		18,654,187			39,650,603
22	Chemicals	2,841,522						2,841,522
23	Energy	1,822,126						1,822,126
24	Communications	174,755				2,200		176,955
25	Cleaning Services	48,835				10,000		58,835
26	Repairs and Maintenance	2,381,514				2,115,356		4,496,870
27	Rental Services	108,650				145,500		254,150
28	General Office Services/ Supplies	584,385				19,550		603,935
29	Organizational Membership/ Participation	519,283				123,500		642,783
30	Other Services/ Supplies	769,206				28,400		797,606
31	Training and Travel	395,220				30,900		426,120
32	Special Departmental Expense/Capital Projects	586,392				13,333		599,725
33	Capital Projects			14,056,780	2,988,999	16,693,660	5,807,405	39,546,844
34	Equipment, Furniture and Vehicles	22,000						22,000
35	Debt Service				30,753,481			30,753,481
36	*Subtotal (before transfers)*	*33,323,474*	*14,118,181*	*14,920,377*	*52,528,015*	*22,230,365*	*5,962,539*	*143,082,951*
37	Transfers	8,500,000						8,500,000
38	**Total Expenses**	**41,823,474**	**14,118,181**	**14,920,377**	**52,528,015**	**22,230,365**	**5,962,539**	**151,582,951**
39	Estimated Ending Fund Balance June 30, 2014	20,542,627	8,690,708	10,977,982	21,312,926	7,566,062	33,765,741	102,856,046
40	**Reserve Balances**							-
41	Operating	8,308,044	8,690,708			2,768,353		19,767,105
42	Rate Stabilization	2,259,885						2,259,885
43	Emergency	4,113,026						4,113,026
44	Drought Contingency	5,861,673						5,861,673
45	Capital Projects			7,500,871	11,855,184	3,951,323	32,939,889	56,247,267
46	Sinking Funds - FY 13/14 Contributions							-
47	*Building Sinking Fund*			*397,467*	*36,235*	*88,326*	*88,326*	*610,354*
48	*Future Contractor's Share of the South Bay Aqueduct*				*28,366*			*28,366*
49	*South Bay Aqueduct Enlargement*				*169,759*			*169,759*
50	Sinking Funds Reserve Balance			3,477,111	9,457,742	846,386	825,852	14,607,091
51	**Total Reserves (lines 41+42+43+44+50)**	$ 20,542,627	$ 8,690,708	$ 10,977,982	$ 21,312,926	$ 7,566,062	$ 33,765,741	$ 102,856,046
52	Change in Fund Balance[2] (use of reserves) - line 51 minus line 4	(3,938,729)	(319,796)	(6,088,415)	(31,579,850)	(16,030,018)	(3,330,539)	(61,287,347)

Notes

[1]Shown for comparative purposes only.

[2]In order to achieve a balanced budget, use of reserve as shown in line 52 will appropriated as revenue in the financial/accounting system.

ZONE 7 WATER AGENCY
Annual Budget by Account Classification Report

		FY 13/14 Proposed Budget	FY 12/13 Adopted Budget	Difference
1	**Fund: 100 Water Enterprise**			
2	**Revenue**			
3	Water Sales & Service	$37,664,745	$37,085,455	$579,290
4	Aid from Governmental Agencies - State	$700	$700	$0
5	Investment Earnings	$95,000	$95,000	$0
6	Rents and Royalties	$31,000	$31,000	$0
7	Other Revenue	$93,300	$93,300	$0
8	Revenue Totals	$37,884,745	$37,305,455	$579,290
9	**Expenditures**			
10	Labor & Overhead Distributed	$12,116,914	$11,532,274	$584,640
11	Purchased Services	$4,074,437	$3,458,839	$615,598
12	Water	$6,878,235	$5,327,008	$1,551,227
13	Chemicals	$2,841,522	$3,490,885	($649,363)
14	Energy	$1,822,126	$1,664,556	$157,570
15	Communications	$174,755	$227,508	($52,753)
16	Cleaning Services	$48,835	$64,196	($15,361)
17	Repairs and Maintenance	$2,381,514	$2,955,100	($573,586)
18	Rental Services	$108,650	$113,200	($4,550)
19	General Office Services/ Supplies	$584,385	$904,375	($319,990)
20	Organizational Membership/ Participation	$519,283	$452,323	$66,960
21	Other Services/ Supplies	$769,206	$726,440	$42,766
22	Training and Travel	$395,220	$424,296	($29,076)
23	Special Departmental Expense	$586,392	$826,500	($240,108)
24	Equipment, Furniture and Vehicles	$22,000	$37,000	($15,000)
25	Transfers	$8,500,000	$6,600,000	$1,900,000
26	Expenditure Totals	$41,823,474	$38,804,500	$3,018,974

ZONE 7 WATER AGENCY
Annual Budget by Account Classification Report

		FY 13/14 Proposed Budget	FY 12/13 Adopted Budget	Difference
27	**Fund: 110 State Water Facilities**			
28	**Revenue**			
29	Water Sales & Service	$1,299,710	$1,314,313	($14,603)
30	Property Taxes	$11,247,000	$10,150,000	$1,097,000
31	Aid from Governmental Agencies - State	$45,000	$45,000	$0
32	Aid from Governmental Agencies - Local	$611	$505	$106
33	Investment Earnings	$16,522	$25,750	($9,228)
34	Other Revenue	$1,189,542	$1,065,403	$124,139
35	Revenue Totals	$13,798,385	$12,600,971	$1,197,414
36	**Expenditures**			
37	Water	$14,118,181	$13,974,125	$144,056
38	Expenditure Totals	$14,118,181	$13,974,125	$144,056

ZONE 7 WATER AGENCY
Annual Budget by Account Classification Report

	FY 13/14 Proposed Budget	FY 12/13 Adopted Budget	Difference
39 **Fund: 120 Water Capital IR&R**			
40 **Revenue**			
41 Development Fees	$250,000	$26,550	$223,450
42 Charges for Services	$7,500	$0	$7,500
43 Investment Earnings	$74,462	$141,703	($67,241)
44 Transfers	$8,500,000	$6,600,000	$1,900,000
45 Revenue Totals	$8,831,962	$6,768,253	$2,063,709
46 **Expenditures**			
47 Capital Projects	$14,920,377	$12,023,062	$2,897,315
48 Expenditure Totals	$14,920,377	$12,023,062	$2,897,315
49 **Fund: 130 Water Capital Expansion Fund**			
50 **Revenue**			
51 Development Fees	$18,400,000	$12,382,587	$6,017,413
52 Investment Earnings	$166,565	$89,885	$76,680
53 Other Revenue	$2,381,600	$2,539,000	($157,400)
54 Revenue Totals	$20,948,165	$15,011,472	$5,936,693
55 **Expenditures**			
56 Water	$18,654,187	$18,690,148	($35,961)
57 Capital Projects	$3,120,347	$3,488,766	($368,419)
58 Debt Service	$30,753,481	$276,465	$30,477,016
59 Expenditure Totals	$52,528,015	$22,455,379	$30,072,636

ZONE 7 WATER AGENCY
Annual Budget by Account Classification Report

		FY 13/14 Proposed Budget	FY 12/13 Adopted Budget	Difference
60	**Fund: 200 Flood Protection Operations**			
61	**Revenue**			
62	Property Taxes	$5,979,557	$5,873,310	$106,247
63	Charges for Services	$3,000	$3,000	$0
64	Aid from Governmental Agencies - State	$54,000	$54,000	$0
65	Aid from Governmental Agencies - Local	$690	$690	$0
66	Investment Earnings	$110,600	$112,619	($2,019)
67	Rents and Royalties	$17,500	$17,500	$0
68	Other Revenue	$35,000	$35,000	$0
69	Revenue Totals	$6,200,347	$6,096,119	$104,228
70	**Expenditures**			
71	Labor & Overhead Distributed	$2,100,065	$1,218,073	$881,992
72	Purchased Services	$947,901	$904,095	$43,806
73	Communications	$2,200	$3,000	($800)
74	Cleaning Services	$10,000	$6,000	$4,000
75	Repairs and Maintenance	$2,530,356	$1,118,200	$1,412,156
76	Rental Services	$145,500	$25,000	$120,500
77	General Office Services/ Supplies	$19,550	$64,100	($44,550)
78	Organizational Membership/ Participation	$123,500	$77,000	$46,500
79	Other Services/ Supplies	$28,400	$22,000	$6,400
80	Training and Travel	$30,900	$18,500	$12,400
81	Special Departmental Expense	$13,333	$25,000	($11,667)
82	Equipment, Furniture and Vehicles	$0	$3,500	($3,500)
83	Capital Projects	$16,278,660	$2,169,680	$14,108,980
84	Expenditure Totals	$22,230,365	$5,654,148	$16,576,217
85	**Fund: 210 Flood Protection/Drainage DIF**			
86	**Revenue**			
87	Development Fees	$2,500,000	$1,872,436	$627,564
88	Aid from Governmental Agencies - State	$0	$0	$0
89	Investment Earnings	$132,000	$154,894	($22,894)
90	Revenue Totals	$2,632,000	$2,027,330	$604,670
91	**Expenditures**			
92	Capital Projects	$5,962,539	$3,347,956	$2,614,583
93	Expenditure Totals	$5,962,539	$3,347,956	$2,614,583
94	**Revenue Grand Totals:**	$90,295,604	$79,809,600	$10,486,004
95	**Expenditure Grand Totals:**	$151,582,951	$95,599,170	$55,983,781

General Ledger Account Structure

Funds

Water Enterprise Funds					Governmental Funds			Trust Funds	
100 Water Enterprise	**110** State Water	**120** IR&R	**130** Expansion	**140** Water Ent Fixed Assets	**200** Flood Protect Operations	**210** Flood Protect - DIF	**220** Flood Protect Fixed Assets	**300** Water Facilities Trust	**310** Water Supply Trust

Sections

10 Office of GM	**20** Finance	**21** Employee Services	**30** Facilities Engineering	**31** Groundwater	**32** Water Quality	**33** Integrated Planning	**34** Flood Control	**40** Operations	**50** Maintenance

Programs / Sub-Programs

10 Water Utility Support Services	**20** Supply Source & Conveyance	**30** Water Storage	**40** Water Treatment	**50** Water Transmission	**60** Central Administration	**70** Flood Protection
1001 Administration	2001 Administration	3001 Administration	4001 Administration	5001 Administration	6001 Administration (Agency-wide)	7001 Administration
1002 Untreated Water	2002 Water Conservation	3002 Groundwater Basin Monitoring	4002 Del Valle Water Treatment Plant	5002 Pipelines	6002 Finance	7002 FC Planning
1003 Energy	2003 SWP	3003 Groundwater Basin Mgmt & Evaluation	4003 Patterson Pass Water Treatment Plant	5003 Dougherty Reservoir	6003 Employee Services	7003 Encroachments & Inspection
1004 Water Quality Compliance	2004 BBID	3004 Well Permits & Inspection	4004 Mocho Groundwater Demin Plant	5004 Turnouts	6004 Planning & Environmental Services	7004 Financial Planning
1005 Water Utility Planning	2005 Bay Delta	3005 Semitropic	4005 Well - Mocho 1	5005 Pump Stations & RCS	6005 Security & Emergency Planning	7005 Routine Maintenance
1006 Financial Planning	2006 Local Water Rights	3006 Cawelo	4006 Well - Mocho 2	5006 Permits & Inspection	6006 Real Property	7006 Channel Repair/Improvements
1007 SCADA	2007 Other Water Supplies	3007 Chain of Lakes	4007 Well - Mocho 3		6007 Admin Facilities Maintenance/Services	7007 USACE Rehabilitation
1008 Maintenance Shop			4008 Well - Mocho 4		6008 Board of Directors	7008 Emergency Response
1009 Debt Service			4009 Well - Stoneridge		6009 Chain of Lakes - Shared WE & FC	7009 Chain of Lakes
			4010 Well - Hopyard 6			
			4011 Well - Hopyard 9			
			4012 Well - Chain of Lakes 1			
			4013 Well - Chain of Lakes 2			

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: Brad Ledesma/Carol Mahoney

AGENDA DATE: May 15, 2013 ITEM NO. **10**

SUBJECT: 2013 Annual Review of Sustainable Water Supply for Zone 7 Water Agency

SUMMARY:

- Based on retailer requests, water demands over the next five years are projected to increase from 50,400 acre-feet (AF) to 52,700 AF by 2017 (a 4.6% increase) without water conservation, but could decrease by around 8.3% depending on the success of water conservation efforts.
- Water supply yield in 2013 from existing water supply contracts and Zone 7's existing water right permit is approximately 31,000 AF based on Department of Water Resources current allocation of State Water Project Table A amount (35%); this is not expected to change.
- Long-term average water supply available from existing water supply sources has remained constant since 2009 at approximately 55,050 AF.
- Approximately 232,000 AF of water in storage is available to Zone 7, of which, about 70,600 AF is available in 2013 through existing pump back and conveyance facilities. At a minimum, Zone 7 could dependably take approximately 36,900 AF per year from stored water supplies between 2014 and 2017.
- Zone 7 has sufficient water supplies to meet projected water demands over the next five years—with or without water conservation. However, Zone 7's long-term water supply is at risk and subject to a very uncertain future due to court rulings and biological opinions associated with the Sacramento-San Joaquin Delta, and climate change.
- In response, Zone 7 staff continues to investigate and implement the recommendations of the 2011 Water Supply Evaluation (2011 WSE). As recommended in the 2011 WSE, Zone 7 is moving forward with a set of no regret actions to help minimize the risk of water supply shortages, and continues to evaluate several different potential future water supply portfolios. The 2011 WSE is available on Zone 7's website at www.zone7water.com/2011-water-supply-evaluation.

FUNDING:
No funding impact.

RECOMMENDED ACTION:
Information only.

ATTACHMENT:
Interoffice memorandum providing additional information.

INTEROFFICE MEMORANDUM

DATE: May 15, 2013

TO: Jill Duerig, General Manager

FROM: Brad Ledesma, Associate Engineer

SUBJECT: Annual Review of Sustainable Water Supply for Zone 7 Water Agency

On October 17, 2012, Zone 7 Water Agency (Zone 7) adopted the Water Supply Reliability Policy (Resolution 13-4230).[1] Resolution 13-4230 requires that Zone 7 staff complete an annual review of sustainable water supplies (Annual Review); the purpose of this memorandum is to comply with this requirement.

As outlined in Resolution 13-4230, the 2013 annual review covers the following:

- Projected Water Demands: Next Five Years
- Available Water Supplies to Zone 7 at the Beginning of 2013
- Comparison of Supply and Demand: Next Five Years
- Programs Necessary to Meet Water Demands

SUMMARY OF FINDINGS

The review completed in this memorandum indicates that Zone 7 has sufficient water supplies to meet projected water demands over the next five years with or without additional water conservation.

As demonstrated by the analysis completed in both the 2010 Urban Water Management Plan (2010 UWMP) and the 2011 Water Supply Evaluation (2011 WSE), Zone 7's water supply is at risk and subject to a very uncertain future in the longer-term due to court rulings and biological opinions associated with protection of species in the Sacramento-San Joaquin Delta (Delta), and climate change.[2] Consequently, as presented in the 2010 UWMP, Zone 7 is evaluating several potential future water supply options. Additionally as recommended in the 2011 WSE, Zone 7 is moving forward with a set of no regret actions to help minimize the risk of water supply shortages.

PROJECTED WATER DEMANDS: NEXT FIVE YEARS

Every year Zone 7 obtains water demand projections, with and without water conservation, from all of its customers for the next five years—Table 1 summarizes these projections for 2013 to 2017. As shown in Table 1, Zone 7's total water demands are projected to increase by 4.6% percent between 2013 and 2017, but could decrease by 8.3% with additional water conservation; water demands for Zone 7's untreated customers are expected to remain constant.

---

[1] A copy of Resolution 04-2662 is provided as Attachment A.

[2] Both the 2010 UWMP and the 2011 WSE are available on Zone 7's website (see www.zone7water.com).

In general, the 2013 water demand projections without conservation are similar (less than 3% different) to 2012 projections; however, the water demand projections with conservation are about 5 to 6% lower than the 2012 projections because the projected water conservation savings submitted by the local water supply retailers is twice as high (i.e., increased from about 3,000 to 6,000 acre-feet).

Table 1. Projected Zone 7 Water Demands: Next Five Years, acre-feet[a]

Component		2013	2014	2015	2016	2017
Without Conservation	M&I[b,c,d]	45,900	46,300	47,000	47,800	48,200
	Untreated	4,500	4,500	4,500	4,500	4,500
	Total	50,400	50,800	51,500	52,300	52,700
	Projected Demand from 2012 Annual Report	*49,100*	*49,600*	*50,300*	*50,900*	*52,100*
	% Increase from 2012 Annual Report	*2.6%*	*2.4%*	*2.4%*	*2.7%*	*1.2%*
With Conservation	Total	50,400	50,800	51,500	52,300	52,700
	Additional Water Conservation	(6,100)	(6,300)	(6,300)	(6,500)	(6,500)
	Revised Total	44,300	44,500	45,200	45,800	*46,200*
	Projected Demand from 2012 Annual Report	46,800	47,300	47,700	48,000	*49,200*
	% Decrease from 2012 Annual Report	*5.3%*	*5.9%*	*5.2%*	*4.6%*	*6.1%*

(a) Demands were rounded to the nearest 100 acre-feet.

(b) M&I = Municipal and Industrial.

(c) Demands include California Water Service Company, Dublin San Ramon Services District, City of Livermore, City of Pleasanton, Zone 7's direct retail customers, and Zone 7's unaccounted-for water.

(d) Demands include unaccounted-for water and groundwater-pumping quota for Dublin San Ramon Services District.

For planning purposes in this review, Zone 7 staff compared projected water supplies with projected water demands, with and without water conservation, over the next five years.

AVAILABLE WATER SUPPLIES TO ZONE 7 AT THE BEGINNING OF 2013

Zone 7 has developed a robust water supply system consisting of imported surface water, local runoff, groundwater recharge activities, and non-local storage.[3] This diverse water supply system allows Zone 7 to store excess water during normal and wet years, and draw on these reserves during dry years to create a sustainable and reliable water supply for the Livermore-Amador Valley.

[3] Additional information on each of Zone 7's water supply and storage components is available in the UWMP, which is posted on Zone 7's website.

The purpose of this section is to review the water supplies, including contracted supply and storage, available to Zone 7 at the beginning of 2013.

Projected Yield from Contracted Water Supplies in 2013

Each year Zone 7 receives water from its contracts with the Department of Water Resources (DWR) for importing State Water Project (SWP) water, its water right permit for diversions from Arroyo del Valle, its contract with Byron Bethany Irrigation District (BBID), and its contract with DWR for Yuba Accord Water. The exact quantity of water supply available through these contracts is unknown at the beginning of the year because the yield depends on many factors, including both local precipitation and snowfall in the Sierra Nevada mountain range.

For planning-level purposes, Zone 7 staff estimates the projected yield from each of these water supplies at the beginning of the year, along with an estimate of the long-term average yield. Table 2 presents the projected yield in 2013 and the long-term average yield based on a review of actual deliveries, rainfall, DWR projections from January to May 2013, and a review of any new planning-level documents. Table 2 also includes the long-term operational losses associated with artificial recharge in the local groundwater basin and participation in non-local groundwater banking programs.

As shown in Table 2, the projected yield in 2013 from Zone 7's existing contracted water supplies is approximately 31,000 acre-feet (AF), while the long-term average yield is projected to be approximately 55,050 AF after considering operational losses. Table 2 also indicates that the yield from Zone 7's water supply sources is 35% less in 2013 than in 2012 due to drier conditions and lower allocations.[4]

Table 2. Projected Yield in 2013 from Existing Contracted Water Supplies, acre-feet

Source[a]	Available in 2013		Long-term Average	
	Yield	% of Total	Yield	% of Total
State Water Project	28,200 [b]	85.0%	48,400[c]	83.5 %
Arroyo del Valle Runoff	1,000	3.0%	7,300	12.6 %
Byron Bethany Irrigation District	3,000 [d]	9.0%	2,000	3.5 %
Yuba Accord (via DWR)	1,000	3.0%	250	0.4 %
Subtotal	33,200	100.0%	57,950	100.0 %
Operational Losses[e]	(2,200)	6.6%	(2,900)	5.0%
Total	31,000	93.4%	55,050	95.0%
Projected Yield in 2012 Annual Report	*47,400*		*55,050*	
% Decrease from 2012 Annual Report	*35%*		*0%*	

(a) The 2010 Urban Water Management Plan provides additional detail on each contract; see http://www.zone7water.com/publications-reports/reports-planning-documents.

4 Local rainfall was only 73% of average through April 2013.

(b) 2013 yield is based on 35% (current 2013 allocation) of Zone 7's Table A amount of 80,619 AF.

(c) Long-term average yield is based on 60% of Zone 7's Table A amount of 80,619 AF, as presented in DWR's 2011 Reliability Report.

(d) Although Zone 7 has up to 5,000 AF available for purchase, only about 3,000 AF will be purchased this year due to higher than normal SWP carryover from last year.

(e) Operational losses include the losses associated with artificial recharge in the groundwater basin, brine losses, evaporative losses, and putting water into either Semitropic and/or Cawelo. Quantity is based on the Annual Operations Plan for 2013, updated in April 2013.

AVAILABLE STORAGE AT THE BEGINNING OF 2013

Zone 7 currently stores water in various storage facilities or groundwater banking programs to help meet water demands when needed. Table 3 summarizes the total accumulated water in storage available to Zone 7 over the next five years, the maximum water in storage available in 2013, and estimated annual water supply from storage between 2014 and 2017. As shown in Table 3, Zone 7 has about 4.3% more accumulated storage and the same amount of minimum storage in 2013 that was available in 2012, while the storage available in 2013 is about 4.1% higher due to additional supply available in Cawelo. Zone 7 was able to store additional water in Cawelo during the previous year (i.e., 2012).

Table 3. Available Storage in 2013, acre-feet

Storage Facility or Program	Total Accumulated Water in Storage[a]	Estimated Water Supply in Storage Available for Use in 2013	Estimated Annual Water Supply in Storage Available for Use between 2014 and 2017
Main Groundwater Basin	92,000	20,200[b]	14,000[c]
Lake Del Valle Carryover	3,800	3,800	10,000[e]
State Water Project Carryover	25,400	25,400 [d]	
Semitropic	86,000	11,200 [f]	9,100[g]
Cawelo	25,000	10,000[h]	3,800 [h]
Total	232,000	70,600	36,900
Available Storage from 2012 Annual Report	*222,400*	*67,800*	*36,900*
% Increase from 2012 Annual Report	*4.3%*	*4.1%*	*0%*

(a) Accumulated storage estimate is through April 2013.

(b) As the amount of water stored decreases in the main basin, the amount of groundwater available in any given year also decreases due to well locations, physical/hydrogeological conditions and defined historic lows. For 2013, 20,200 acre-feet was used as a conservative estimate for planning-level purposes in this memorandum.

(c) A conservatively small pumping amount of 14,000 acre-feet per year was used assuming the next few years were dry.

(d) Zone 7 did not lose any SWP carryover this year because San Luis Reservoir did not fill.

(e) Zone 7 typically carries approximately 10,000 acre-feet from one year to the next.

(f) 2013 availability includes pump back of 9,100 acre-feet, and potential exchange water of approximately 2,100 AF assuming the SWP delivery remains at 35% of Zone 7's Table A amount.

[g] Zone 7 can pump back up to 9,100 acre-feet from Semitropic, and depending on the SWP allocation, and also request exchange water. This analysis conservatively assumed that Zone 7 can only request up to 9,100 acre-feet between 2014 and 2017.

[h] For conservative planning level purposes, it was assumed that Zone 7 would use 10,000 acre-feet in 2013, and that the remainder (15,000 acre-feet) could be used in equal amounts between 2014 and 2017, or about 3,800 acre-feet per year over four years.

COMPARISON OF SUPPLY AND DEMAND: NEXT FIVE YEARS

Table 4 compares available water supplies in 2013 to projected water demands over the next five years. For comparative purposes in this memorandum, long-term average supplies and water supply in storage available for use over the next five years were used to compare with projected water demands between 2014 and 2017. As shown in Table 4, Zone 7's existing water supply exceeds projected water demands over the next five years, with or without water conservation. Additional analysis also showed that Zone 7 could meet projected water demands during Single Dry and Multiple Dry years over the same period.[5]

Table 4. Comparison of Supply and Demand: Next Five Years

Component		2013	2014	2015	2016	2017
Without Conservation	Water Supply	31,000	55,050	55,050	55,050	55,050
	Water Supply in Storage Available for Use	67,800	36,900	36,900	36,900	36,900
	Water Demand[a]	(50,400)	(50,800)	(51,500)	(52,300)	(52,700)
	Total	48,400	41,150	40,450	39,650	39,250
With Conservation	Water Supply	31,000	55,050	55,050	55,050	55,050
	Water Supply in Storage Available for Use	67,800	36,900	36,900	36,900	36,900
	Water Demand[a]	(44,300)	(44,500)	(45,200)	(45,800)	(46,200)
	Total	54,500	47,450	46,750	46,150	45,750

[a] Includes both M&I and Untreated water demands.

PROGRAMS NECESSARY TO MEET WATER DEMANDS

The review completed as part of this memorandum indicates that Zone 7 has sufficient water supplies to meet projected water demands over the next five years with or without additional water conservation.

As presented in the 2010 UWMP, Zone 7 is evaluating several potential future water supply options, and as recommended in the 2011 WSE, Zone 7 is moving forward and evaluating with a set of no regret actions to help minimize the risk of water supply shortages; actions include:

[5] Analysis completed as part of the 2011 WSE; approved by the Board in July 2011 (see www.zone7water.com/2011-water-supply-evaluation).

- Working with the local water supply retailers to develop additional water conservation savings and recycled water programs;
- Continuing to implement the Well Master Plan and Chain of Lakes projects;
- Confirming water supply available from the existing contract with BBID;
- Minimizing or reusing brine losses from the existing Mocho Groundwater Demineralization Plan;
- Reducing unaccounted-for water; and
- Enhancing Zone 7's existing in-lieu recharge program.

In addition to these actions, Zone 7 is also continuing to evaluate several major water supply portfolios, which include the Current Plan (i.e., Delta Fix), an In-Valley Portfolio (i.e., focused on recycled water), and an Intertie Portfolio (i.e., water transfers or regional desalination).

ATTACHMENT A: WATER SUPPLY RELIABILITY POLICY

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO 13-4230

INTRODUCED BY DIRECTOR QUIGLEY
SECONDED BY DIRECTOR STEVENS

Water Supply Reliability Policy

WHEREAS, the Zone 7 Board of Directors desires to maintain a highly reliable Municipal and Industrial (M&I) water supply system so that existing and future M&I water demands can be met during varying hydrologic conditions; and

WHEREAS, the Board has an obligation to communicate to its M&I customers and municipalities within its service area the ability of Zone 7's water supply system to meet projected water demands; and

WHEREAS, the Board on August 18, 2004 adopted Resolution No. 04-2662 setting forth its Reliability Policy for Municipal & Industrial Water Supplies; and

WHEREAS, the Board desires to revise the Reliability Policy to reflect recent data, analysis, and studies.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rescinds Resolution No. 04-2662 adopting the August 18, 2004 Reliability Policy for Municipal & Industrial Water Supplies; and

BE IT FURTHER RESOLVED that the Board hereby adopts the following level of service goals to guide the management of Zone 7's M&I water supplies as well as its Capital Improvement Program (CIP):

Goal 1.Zone 7 will meet its treated water customers' water supply needs, in accordance with Zone 7's most current Contracts for M&I Water Supply, including existing and projected demands as specified in Zone 7's most recent Urban Water Management Plan (UWMP), during normal, average, and drought conditions, as follows:

- At least 85% of M&I water demands 99% of the time
- 100% of M&I water demands 90% of the time

Goal 2:Provide sufficient treated water production capacity and infrastructure to meet at least 80% of the maximum month M&I contractual demands should any one of Zone 7's major supply, production, or transmission facilities experience an extended unplanned outage of at least one week.

BE IT FURTHER RESOLVED that to ensure that this Board policy is carried out effectively, the Zone 7 General Manager will provide a water supply status report to the Board every five years with the Zone 7 Urban Water Management Plan that specifies how these goals will be, or are being, achieved.

If the General Manager finds that the goals cannot be met during the first five years of the Urban Water Management Plan, then the Board will hold a public hearing within two months of the General Manager's finding to consider remedial actions that will bring Zone 7 into substantial compliance with the stated level of service goals. Remedial actions may include, but are not limited to, voluntary conservation or mandatory rationing to reduce water demands, acquisition of additional water supplies, and/or a moratorium on new water connections. After reviewing staff analyses and information gathered at the public hearing, the Board shall, as expeditiously as is feasible, take any additional actions that are necessary to meet the level of service goals during the following five-year period; and

BE IT FURTHER RESOLVED that the Zone 7 General Manager shall prepare an Annual Review of the Sustainable Water Supply Report which includes the following information:

(1) An estimate of the current annual average water demand for M&I water as well as a five-year projection based on the same information used to prepare the UWMP and CIP;
(2) A Summary of available water supplies to Zone 7 at the beginning of the calendar year;
(3) A comparison of current water demand with the available water supplies; and
(4) A discussion of water conservation requirements and other long-term supply programs needed to meet Zone 7 M&I water demands for single-dry and multiple-dry year conditions, as specified in the Zone 7's UWMP.

A summary of this review will be provided to M&I customers.

Definitions

Level of Service for Annual Water Supply Needs—the level of service is the percent of existing or projected water demand that Zone 7's water supply system can meet during two key conditions: (1) during various hydrologic conditions and (2) during unplanned outages of major facilities.
Capital Improvement Program (CIP)—the CIP is Zone7's formal program for developing surface and ground water supplies, along with associated infrastructure, including import water conveyance facilities, surface water treatment plants, groundwater wells, and M&I water transmission system to meet projected water demands.

Normal conditions—conditions that most closely represent median runoff or allocation from all normally contracted or available water supplies from the historic record.

Average conditions—conditions that most closely represent the average runoff or allocation from all normally contracted or legally available water supplies from the historic record.

Drought conditions—conditions that most closely represent reduced runoff or allocation level from the historic record from all normally contracted or legally available water supplies, including both single-dry and multiple-dry year conditions.

Single-dry year condition—a condition that most closely represents the lowest yield over a one-year period from the historic record from all normally contracted or legally available supplies.

Multiple-dry year condition—a condition that most closely represents three or more consecutive dry years from the historic record that represent the lowest yields from all normally contracted or legally available supplies.

Available water supplies—consist solely of (1) water supplies that Zone 7 has contracted for (e.g., listed under Schedule A of the State Water Contract, dry-year water options, special contracts with other water districts, etc.) and (2) water actually stored in surface and subsurface reservoirs.

Maximum Month—the largest monthly average water use.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS FIGUERS, GRECI, MACHAEVICH, PALMER, QUIGLEY, RAMIREZ HOLMES STEVENS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

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 October 17, 2012.

By____________________________
President, Board of Directors

SUMMARY MINUTES OF THE FINANCE COMMITTEE
ZONE 7 BOARD OF DIRECTORS

April 8, 2013
4:00 p.m.

Directors present:	Sandy Figuers	Zone 7 Staff:	Jill Duerig, General Manager
	A. J. Machaevich		Tom Hughes, Asst. Gen. Mgr., Admin.
	Sarah Palmer		Tamara Baptista, Finance Manager
	(for Angela Ramirez Holmes)		JaVia Green, Staff Analyst, Finance
			Judy Rector, Board Secretary

President Figuers called the meeting to order at 4:00 p.m.

1. Public Comment – None

2. Draft Interim Reserve Policy

Tom Hughes, Assistant General Manager, Administration, reminded the Finance Committee that in 2012 the Board directed staff to revisit the Reserve Policy. Over the past year staff has been working with retailers and our new financial consultant, Robert Porr of Fieldman, Rolapp & Associates, to develop revised reserve policies. Director Figuers confirmed with staff that all retail customers had reviewed the Interim Draft Reserve Policy and incorporated their comments. Because the policy is subject to change when a Financial Plan is developed, it is called an Interim Reserve Policy. President Palmer asked if there will be succession of Interim Reserve policies but Mr. Porr explained that a financial plan is always interim and changes as economics change plus it provides flexibility.

JaVia Green, Staff Analyst, Finance, stated the objectives of the Interim Reserve Policy are to establish prudent and fiscally responsible practices consistent with the Zone 7 Financial Framework that is dynamic and adaptable to change, integrates the Zone 7 planning processes such as the budget, water rate structure and capital improvement program, and provides adequate funding for capital projects for both the flood control system and water.

She showed a slide presentation and discussed the four Water Enterprise Reserves: Rate Stabilization, Operating Reserve, Emergency Reserve and Drought Contingency. The balances are based on the FY 11/12 audit and are actual balances but will change at the end of this fiscal year. In addition she discussed the State Water Project Operating Reserve, Flood Control Reserves, Water System Capital Reserves, and the Flood Protection & Stormwater Drainage Development Impact Fee Fund Capital Reserve.

Director Figuers asked what is the difference between the Rate Stabilization Reserve and the Drought Contingency Reserve. Ms. Green responded that the Rate Stabilization Reserve offsets increases or spikes in water rate increases. Mr. Hughes clarified that the Rate Stabilization Reserve is to stabilize the rates. The Drought Contingency Reserve is to supplement the loss of revenue from water sales if the State reduces the amount of water for this year or there is a massive drought for three years. Director Figuers said both cover costs under either outside imposed losses of water supply or the Board deciding not to charge the full amount for water, same function but different terms.

Director Machaevich says he sees the difference and the Rate Stabilization Fund is for unexpected operating expenses or capital expenses that change during the year that would affect the water rate. The Drought Contingency Reserve is used in a drought situation. Mr. Hughes added if the CPI and our operating expenses go through the roof and/or operating costs go up, the Board can use the Rate Stabilization Reserve to keep the rates down.

Mr. Porr pointed out that if you have a year with lots of rain, the Board may not want to fund a Drought Contingency Reserve of 20%. You can also use the Rate Stabilization Reserve to smooth out and stabilize water rate increases. The Drought Contingency Reserve supplements losses in revenue to the Agency and provides funds when there are drought conditions. It protects you in either circumstance and provides flexibility to the Agency. General Manager Jill Duerig said the Rate Stabilization Reserve is something we can plan in advance to use; the Drought Contingency Reserve is for events you cannot plan for in advance such as a wet spring and therefore reduced revenue from reduced water sales.

There was a discussion about the name of the Drought Contingency Reserve and whether it should be called the Water Supply Contingency Reserve or Water Operating Contingency Reserve along with the purpose of each reserve. Director Figuers noted that the Operating Reserve is to address variations in the shortest term, the Drought Contingency Reserve could cover impacts over six months, the Emergency Reserve is used when we don't know when it will hit and is indeterminate. President Palmer reminded the Directors that the retailers did not like the name Rate Stabilization when it was applied to something to be used for drought contingencies.

The four Building Sinking Funds were discussed and the combined purpose is to potentially buy the North Canyons building when the lease expires.

Director Figuers noted that there are 10 separate reserve funds and asked why so many and approximately $140 million in reserves excluding the ISA. He asked if it was because of the accounting methodology. Ms. Green explained that there are 10 reserves spread among 5 different discreet funds from different funding sources.

Mr. Porr said that restricted funds are restricted by law. Designated reserves have the flexibility for the Board to allocate resources differently as and when needed (Drought Contingency, Water Supply Contingency, and Rate Stabilization Fund). The reason there are so many is because of the three separate areas (Water Enterprise, Flood Control and State Water Facilities Operating Reserve) and money is kept segregated for financial management purposes; different funds are for specialized purposes.

Director Machaevich repeated for clarification that any changed use of designated reserves has to be approved by the Board but that unrestricted reserves have no imposed restrictions as to their use and the General Manager can use these funds up to $50,000 without Board authority.

Director Figuers asked about a catastrophic event and where would Zone 7 get money if the funds were exhausted? Ms. Duerig said you could do short-term loans between accounts as long as you were paying interest. Director Figuers countered with an example where an earthquake takes out a major chunk of our water supply. Mr. Porr agreed that State funds would not be sufficient because they would be allocated for its own needs. He reassured the Directors that part of planning is that Zone 7 would never fall below the minimum amounts in the reserves and a painful option could be to raise rates but that would not allow a rapid influx of money. President Palmer asked how long it would take to extract those funds and make them useful? Mr. Hughes said Zone 7 would have access to $20 million from the County within 24 hours. Ms. Duerig said as we develop our own investment policies, it could be that we would not need the cash up front and we will be addressing the investment policies as part of developing the Financial Plan. Our investments might be diversified and could take longer to access. Director

Machaevich added that we could borrow from our own reserves for quick cash or get another ISA if needed if the County could not get Zone 7 the money. We have some flexibility and maybe the reserves do not need to be so high and they can be tweaked if necessary but at least we know, and can tell the public, where we stand.

Ms. Green recapped that staff met with the retailers and they reviewed the policy and expressed general support but wanted to know when the reserves could be used and requested "trigger" language for use of the Rate Stabilization Reserve. Language was added to the policy that whenever our projected rate increases are two times the CPI, we would take into consideration using the reserve to buffer increases.

President Palmer asked if the financial structure allows a place for an investment? Mr. Hughes replied our investments are controlled by the Treasurer of Alameda County so we don't have the ability to invest. Ms. Duerig added it depends upon what the asset is and what it is used for if it drew down a particular reserve and if it was an asset as opposed to an investment. President Palmer asked what would differentiate between an asset and an investment? Mr. Porr said they are similar. A capital asset is an investment but a long-term asset that helps deliver service, is physical, and depreciates over time. An investment is a short-term instrument that allows you to get a return on your money but not necessarily assisting you with long-term service operations.

The Directors felt they have a better understanding of reserves and balances. President Palmer asked how much of the total budget is reserves? Ms. Green said a ballpark for reserves would be 70% of the total operating budget. Staff will find out that number for the Directors.

Public Comment

John Archer, Dublin San Ramon Services District Finance Services Manager, said DSRSD set up three Operating funds with a similar structure with a maximum cap on the total reserves. If the total of all reserves goes over that cap, it goes back to the Board or Committee for consideration.

President Palmer moved that staff be directed to finalize the policy for adoption at a future Board meeting and Director Machaevich second the motion. The motion passed by a verbal vote of 3-0.

3. Verbal Reports

President Palmer commented on travel expense reimbursement by the County. She feels that Zone 7 employees unable to afford out-of-pocket expenses for training or conferences may miss out on those opportunities due to the County taking so long to reimburse them. She asked if a fund could be onsite for reimbursement. The County's Manual of Accounting Policies & Procedures (MAPP) provides the rules for reimbursements that are followed.

Ms. Duerig said that County departments like Zone 7 are no longer allowed to have petty cash funds for minor reimbursements and accumulated reimbursements are now the only way to submit expenses. Zone 7 does not have any input and it can impede agency travel. President Palmer asked if the Board of Supervisors of Alameda County could change this policy.

Mr. Hughes said he will have staff research the issue and get back to President Palmer.

4. Adjournment

Since there were no further issues or comments, the meeting was adjourned at 4:50 p.m.

SUMMARY MINUTES OF THE FINANCE COMMITTEE
ZONE 7 BOARD OF DIRECTORS

April 22, 2013
4:00 p.m.

Directors present:	Sandy Figuers	Zone 7 Staff:	Jill Duerig, General Manager
	A. J. Machaevich		Tom Hughes, Asst. Gen. Mgr., Admin.
	Sarah Palmer		JaVia Green, Staff Analyst, Finance
	(for Angela Ramirez Holmes)		Mike Wallace, Staff Analyst, Finance
			Judy Rector, Board Secretary

President Figuers called the meeting to order at 4:00 p.m.

1. Public Comment – None

2. Proposed FY 2013/14 Budget

Tom Hughes, Assistant General Manager, Administration, discussed with the Board the challenges facing his staff to continue with Zone 7's goal of going online with the New World financial software July 1st along with a request from Alameda County received in late March that Zone 7 submit the 2013/14 budget forcing a schedule acceleration.

Mike Wallace and JaVia Green, Staff Analysts in the Finance Department, provided updated handouts to the Directors and public which included summary pages by account number. There was also a list of changes to the capital improvement projects from the approved CIP projected for FY 13/14 versus those capital projects in the FY 13/14 Proposed Budget. Ms. Duerig explained that basically every two years we adopt a CIP and part of budget preparation is to review the CIP and add to the budget or defer a project; these are changes over what was adopted for the CIP for big projects.

Mr. Wallace noted that the fund numbers are changing but the former fund numbers were noted in red next to the new fund numbers: Operating Budgets: Water Enterprise Fund 100 (52); State Water Facilities Fund 110 (51); Renewal/Replacement & System-wide Improvements Fund 120 (72); Expansion Fund 130 (73); General Fund/Flood Control Fund 200 (50); and Flood Protection/Stormwater Drainage DIF Fund 210 (76). Mr. Wallace gave a budget overview of each fund including the revenue, expenses, and reserves.

Impacts on Zone 7's budget included the following factors:

- Conservation: The retailers and Zone 7 are trying to manage to achieve the goal of SBX7-7 which is to reduce per capita the use of water by 20% by 2020 but it has also resulted in the reduced sale of water;
- The economy, although improving, is still experiencing a slow recovery;
- The Asset Management Program (AMP) which dictates what amount of money is going to be provided from the reserves and go toward funding the program;
- New financial software implementation.

In Water Enterprise Fund 100, projected revenues increased by 8.61% primarily due to a higher volume of water requested by the retailers and the adopted water rate increases of 0% for 2013 and 2.65% for 2014 while expenses increased by 11.7% due to the AMP transfer and a slight increase in professional services. FY 13/14 reserve minimums and maximums were also listed as requested by the Directors.

Ms. Green explained the Water Enterprise Fund Reserve projected actuals in the pie chart on the handout. Director Figuers suggested a column in the chart with the minimum, maximum, target and actual figures so it is easier to read than switching back and forth. That suggestion will be implemented in the future.

The total for all funds for the proposed FY 13/14 budget is $90,295,604 in revenue and $150,882,951 in expenses. Revenue increased 7% and expenses increased by 63%. Ms. Green said expenses increased by paying off the ISA and watershed improvements.

Ms. Duerig stated that if the Directors look at the two adopted budgets, there was only a slight increase. Since Fund 130 (73) revenues are development driven, an increase in actuals over last year's budget is because development was better than expected. This budget is more conservative and probably more realistic.

Director Figuers said that if you look at the total of all funds, and the estimated actuals for 2013 proposed for revenue, the increase is about $6 million. If you look at expenses for last year and take out the ISA and watershed improvements, there is a $4 million increase left between revenue and expenses. He asked if this is because of being conservative in estimating income.
Mr. Hughes explained that the Agency has kept costs down and cut down on expenses, chemical costs and managing costs. He said the Engineering staff has done a good job in this recession He also complimented Margaret Chun on her job as the Project Manager for the new software.

Mr. Machaevich noted managing money and good use of money from previous budgets to get to this point.

President Palmer asked about Water Enterprise Fund 100 (52) expenditures for labor and overhead - what kind of things are considered overhead? Ms. Green answered that materials and supplies, personnel, and the expenses shared with other funds like labor for Administration, Human Resources and Safety and are different from General Office Supplies like paper.

Director Figuers said that in looking at the FY 12/13 estimated and actuals, expenses exceeded revenue by a greater amount so staff cut that difference significantly.

President Palmer asked if staff feels the new software is worthwhile and Mr. Wallace responded that it will allow staff to produce reports quicker. Although the new software was originally purchased with independence from the County in mind, and it has been a challenge, it is a good investment. Ms. Duerig added that Fundware was no longer being supported so new software was needed.

No public comments. Director Machaevich moved and President Palmer seconded the motion. By a voice vote of 3-0, the Finance Committee directed staff to present this item to the full Board on May 15, 2013.

Director Figuers noted that this is the quickest and easiest budget in 20 years. Director Machaevich commented that he likes the new format and it seems cleaner.

President Palmer asked for clarification on the 10 sections and 7 programs. A summary was provided.

3. Verbal Reports – None

4. Adjournment
Since there were no further issues or comments, the meeting was adjourned at 4:30 p.m.

5 /15/13 Board Written/Narrative comments by Dick Quigley

April 26 - Attended ACWA Employee Benefits Work Group meeting in Sacramento.

April 29 - Attended a special meeting of the Livermore City Council, LARPD joint workshop: **Joint Collaboration Opportunities.** Recommendation: Staff recommends the Livermore City Council and Livermore Area Recreation and Park District Board of Directors receive the report of joint activities and provide input to their respective staffs to develop a list of potential activities that could be implemented which would further economize the use of public resources and enhance service levels to the public.

May 1 - Attended groundbreaking ceremony, noon to 1 p.m. for the East Bay Regional Park District Iron Horse Trail from Dublin/Pleasanton BART Station to Santa Rita Road in Pleasanton. The ceremony was on the Iron Horse Regional Trail at the Kaiser Permanente Campus, 5820 Owens Drive in Pleasanton. Key officials attended as well as Zone staff. This 1.5-mile extension of the Iron Horse Trail from Santa Rita Road to the Pleasanton/Dublin BART Station closes a gap and will complete the Iron Horse Trail through Pleasanton. The trail link provides a safe, non-motorized route for adults and kids to travel between schools, homes, work and shopping, and connects the BART station and major corporate business offices and employment centers in Pleasanton, such as Kaiser Permanente in the Hacienda Business Park. The trail is a paved pedestrian and bicycle trail located primarily within the former Southern Pacific Railroad right-of-way established in 1891 and abandoned in 1977. In 1998 a license agreement was entered into by and between EBRPD and Alameda County for the purpose of constructing a trail within this right-of-way. When completed, the trail will offer a continuous multi-use pathway extending from Martinez on the Carquinez Strait to the San Joaquin County line near the Altamont Pass.

This $4.2 million project is part of the East Bay Green Transportation Initiative funded by the U.S. Department of Transportation's TIGER II grant (Transportation Investment Generating Economic Recovery II); East Bay Regional Park District Measure WW park bond; Caltrans Environmental Enhancement and Mitigation (EEM) program; Alameda County Transportation Commission and the City of Pleasanton.

May 6-8 Attended ACWA Spring conference, Sacramento, leading off with JPIA workshop. Reception followed by Water Management, Outreach Task Force, and energy committee meetings. Governor Jerry Brown gave us a surprise visit and pep talk noon Wednesday after hearing Senator Darrell Steinberg as our breakfast speaker. Very interesting module on "Recycled Water: Promising Developments on the Legislative and Policy Fronts." May have something in it for us.

I will verbalize more as the conference is still going strong.

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: May 15, 2013 **ITEM NO. 14a**

SUBJECT: GENERAL MANAGER'S REPORT

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

Environmental & External Affairs:

- By the end of April, the storage in Lake Del Valle had increased to 39,500 acre feet/AF (elevation 702.41 feet) due to continued pumping by the California Department of Water Resources (DWR) at a rate of 160 AF per day. DWR is projecting that the lake should be filled by Memorial Day. Releases to Arroyo Valle have been increased to 8 cubic feet per second (CFS). Arroyo Mocho's releases have been increased to 17 CFS to take advantage of extra recharge capacity created by Vulcan's recent discontinuation of discharges.

- DWR's Deputy Director in charge of the State Water Project (SWP) made a presentation to the Water Commission on the SWP's challenges in recruiting and retention and their impacts on system reliability. He emphasized that compensation adjustments would only be part of the solution and discussed the concept of a Joint Powers Authority (JPA) that might eventually take over SWP operations.

Finance & Administration:

- Zone 7's request to have DWR reevaluate the Local Groundwater Assistance Program grant application score for updating the groundwater model to incorporate better salt evaluations worked well. DWR tentatively awarded Zone 7's application two additional points instead of the one point requested, resulting in a final score of 39 out of 40. As of right now, it appears that the winning score is 38 or better, so Zone 7 is likely to receive about $200,000 for this effort.

- DWR announced the start of State Project contract extension discussions. Currently, most SWP contracts expire in 2035. DWR has been unwilling to issue bonds that extend past this date so the term of bonds currently being issued is less than the ideal 30-year period. Contract extensions would allow longer-term debt for major project expenditures.

- As part of the ongoing efforts to assure sustainable employee pools are available in the future, Zone 7 continues to take an active role in BayWork. Most recently, videos and profiles have been posted for Zone 7 water treatment plant operator Jeff Madden, http://baywork.org/career-path/water-treatment-operator/ and Zone 7 instrument technician Joel Larsen, http://baywork.org/career-path/electronic-maintenance-technicianinstrument-technician/.

Engineering and Flood Control:

- On April 12th, Livermore requested Zone 7 support to respond to a complaint from LARPD about blackish water flowing into the Arroyo las Positas at North Front Road. Working with the City, staff identified the source as Kaweah Container, a printing shop that had been washing some filters with ink residue into the storm drain behind the building. The ink was water-based and contained no heavy metals. Livermore requested a cleanup be started as soon as possible to which Kaweah Container agreed and dispatched their contractor immediately.

- On April 24th, a white discharge was discovered in Tassajara Creek behind Adams Tile/Pool Solutions. It appeared that wash water with plaster residue and coloring was discharged into the storm drain when a crew was cleaning their equipment. Zone 7 staff provided assistance to the City of Pleasanton. The city's emergency contractor performed the necessary cleanup, issued the business a notice of violation and will bill the owner for the cleanup expenses.

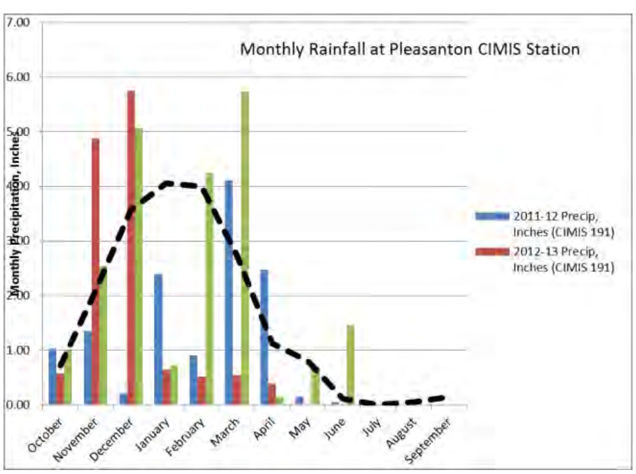
Operations and Maintenance:

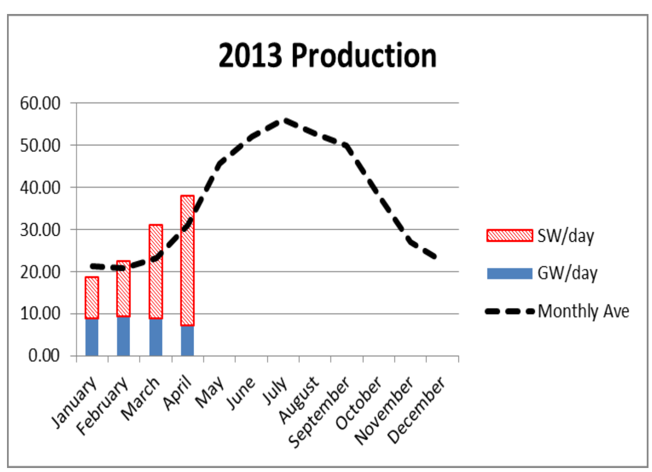
- Rehabilitation work continues on Del Valle Water Treatment Plant (DVWTP) Filter No. 2. Zone 7 maintenance staff continue painting work in the filter gallery. The low flows allowed for continuing plant-scale trial testing of the new anionic polymer at a steady rate of 18 million gallons per day (MGD) In addition, media top-offs at Patterson Pass Water Conventional Treatment Plant have been proceeding.

- New modules were installed on Racks 3 and 5 at the Patterson Pass Ultra-Filtration (UF) Plant, allowing net production at the UF Plant to increase to 5 MGD.

- Well use has been high due to limited Del Valle Water Treatment Plant flows and the warm, dry weather. Flow through the Mocho Groundwater Demineralization Plant was optimized.

- With a fourth month of below-average local precipitation, treated water demands continued to be above average. DWR's final snow survey of the year showed California's snowpack only 17% of normal. In addition to the light snowpack and extended periods of little rainfall, pumping restrictions to protect Delta smelt and salmon continue to impact water deliveries. November and December were unusually wet, but between November 1st and February 28th, fishery agency restrictions reduced pumping by more than 550,000 acre-feet which would have been stored in San Luis Reservoir. San Luis – a summer supply pool for both the State Water Project and the federal Central Valley Project – is only 54% full.





Monthly List of GM Contracts

April 2013

Contracts:

Alameda County Resource Conservation District	$ 50,000	Habitat Assessments - Arroyo del Valle
Alnus Ecological	30,000	Technical Facilitator for SMMP Update
Maze & Associates	48,736	External Auditor Services
Davids Engineering, Inc.	10,000	Technical Assistance with BBID Water Transfer
Contra Costa County Flood Control & WCD	25,000	Interagency Agreement to Develop Principles of Agreement
Total April 2013	$163,736	

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: Boni Brewer/Mike Wallace

AGENDA DATE: May 15, 2013 ITEM NO. **14b**

SUBJECT: Communications Outreach Activities

E-newsletter, April 16th

This e-newsletter featured an article on the various ways that Zone 7 celebrates Earth Day each April, following up with a month-long celebration of Water Awareness Month in May. The e-newsletter also provided an update on the Bay Delta Conservation Plan. The newsletter remains posted on Zone 7's website, http://www.zone7water.com/news/enewsletter-signups.

Earth Day Celebration, April 21st

Zone 7 teamed up with the Pleasanton Public Library for an Earth Day celebration at the library. We had a craft activity and games for kids relating to water-pollution prevention, and provided tips and demonstrations for adults on water-wise gardening in terms of both water-use efficiency and non-toxic pesticides. In addition, Clean Water Program reusable shopping bags were distributed.

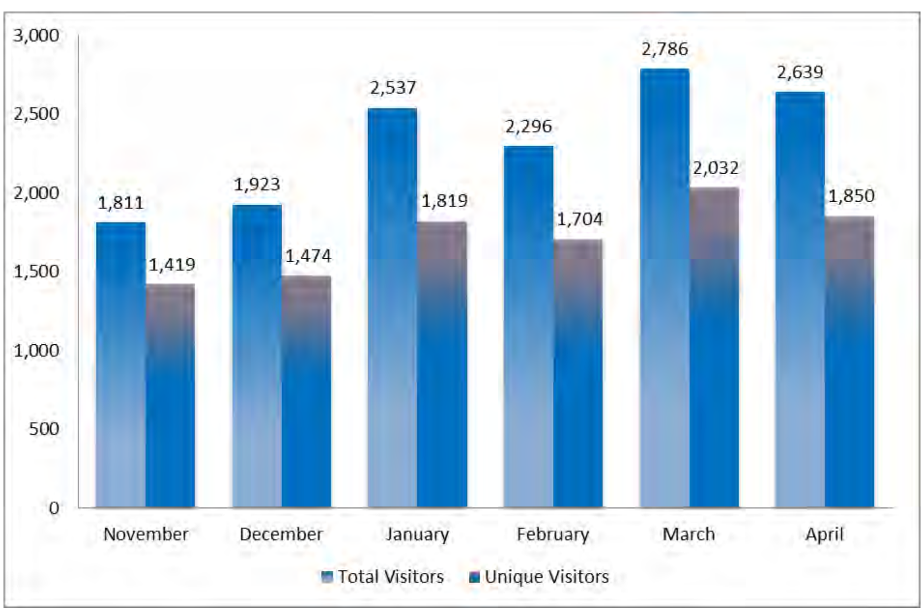
Dublin Pride Week Volunteer Day, April 27th

Zone 7 had a water information booth during a lunchtime barbecue for the more than 600 volunteers who participated in this year's community cleanup.

Water Jug Pyramid

Our 144-gallon water jug pyramid, depicting the average daily water use by each person in a single family home in Zone 7's service area, was on display at the Pleasanton Library from April 17- May 9.

Website activity



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 Hughes

AGENDA DATE: May 15, 2013 ITEM NO. **14c**

SUBJECT: Recent Employee Activities – Staff Report

Take Our Children to Work Day, April 25, 2013

Zone 7 participated in Take Our Children to Work Day on Thursday, April 25, 2013 in commemoration of the National Take our Daughters and Sons to Work Day which was created to encourage self-esteem, respect for work, and interest in career development among young people. Staff provided numerous activities for 14 children and their sponsoring Zone 7 parents and grandparents.

The Agenda included the following:

1. Staff welcomed the children and adults to the event with refreshments and a slideshow of past years' events.
2. **Liz Wilkins** from Morrison & Associates guided the children through a lively presentation about our watershed, including an interactive model showing how various types of pollution might enter the watershed and eventually end up in the Bay. The children made origami frogs in recognition of local frog species.
3. Safety Officer, **Dan Moy**, spoke on the importance of safety awareness throughout the day and provided a hands-on safety equipment demonstration with which the children could interact.
4. Water Quality Lab Technician, **Daren Putman**, demonstrated several short interactive water tests in the water quality laboratory including conductivity and alkalinity measures.
5. Tours of the Del Valle Water Treatment Plant including overviews of the entire treatment process were provided by Water Plant Operators **James Ballou, John Gonzales and Jeff Madden**.
6. At Lake I, **Colleen Winey**, Assistant Geologist, explained how the lakes were created and led the children through an interactive exercise illustrating how much water is actually contained in the ground.
7. The children then traveled to the Arroyo Mocho riparian corridor where **Elke Rank**, Associate Water Resources Planner, discussed how future improvements might benefit the watershed. She also provided the children Creek Bingo playing cards so they could identify some of the various environmental factors that exist in our watershed. Elke finished off this stop on the tour by leading the children in the ever-popular rubber duck races.
8. In the Board Room at North Canyons, the children were presented with certificates of participation and **Kurt Arends**, Assistant General Manager, thanked them for taking part in the day's activities.

A display board with photos from Zone 7's 2013 Take Our Children to Work Day is on display for your review.

Service Recognition Awards, May 14, 2013

Service Recognition Awards are presented annually to employees reaching 5 year increment milestone anniversaries with Alameda County. The Service Awards Ceremony for Zone 7 employees includes celebrating Public Service Recognition Week which was proclaimed to show appreciation for public service employees at the federal, state, and local levels.

Zone 7's Service Awards ceremony was held on Tuesday, May 14, 2013 in the Board Room. All Zone 7 Employees were honored with a continental breakfast at which time Jill Duerig, General Manager, expressed the Agency's appreciation to all employees for their dedicated service. The following employees who reached milestones received awards and were recognized individually during the ceremony:

35 Years	**30 Years**	**25 Years**
Margaret Chun	Jeff Jones	Gerald DeWitt
		Tom Hempill
		Joe Seto
		Frank Torrian

15 Years	**10 Years**	**5 Years**
Mike Medina	Anthony Choi	Kurt Arends
	Curran Chow	Wendy Duldulao
	Mike Garguilo	Tom Hughes
	JaVia Green	Barry Ivy
	Mona Olmsted	Karen Newton
	Judy Rector	Elke Rank
		Elena Scharnhorst
		Paul Zullo

The 2013 Service Awards Ceremony also included the fourth annual Zone 7 Hall of Fame Awards, an informal and fun way for employees to recognize their peers for what they do best. This year's categories are as follows:

- The "Healthy Living" Award - for the person that eats healthy foods, inspiring us to do the same. When they eat out (or go to the break room) it is all fruits and vegetables. No donuts or cake for this healthy person! This person inspires us to live healthier in our daily lives.
- The "Socially Responsible" Award – for the person who supports and encourages us to be socially responsible. This person may encourage the agency to choose environmentally–friendly products, participate in local trail clean-ups or volunteers their time for socially responsible activities. This person endeavors to make the world (and Zone 7) a better place.
- "Most likely to help a co-worker in need" – Work and home can be stressful sometimes! This person recognizes a co-worker in need and is always willing to listen and let you vent, perhaps encouraging you to take a walk and let off some steam. They might even be someone who can make you smile or laugh through the stressful times until they ease up. It's amazing how this person and a good laugh can make you feel better.
- The "Best Troubleshooter" Award – for the person who is best at finding and eliminating problems. They have a unique perspective and are challenged to identify and eliminate

problems, roadblocks or faults. This person's aptitude to solve problems with flair helps the agency move forward.

- "Most likely to host SNL" (Saturday Night Live) – This person would be great to host SNL. They could perform a stand-up comedy routine and make you roll on the floor with laughter. This person's quick wit or quirky personality makes it fun to come to work every day.

The winners were announced at the conclusion of the regular Service Awards ceremony. Each individual was presented with a framed certificate in honor of their recognition. A slide show of Zone 7's 2013 Service Awards and Hall of Fame Awards Ceremony will be shared.

RECOMMENDED ACTION: Information only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Integrated Planning
CONTACT: Robyn Navarra/Carol Mahoney

AGENDA DATE: May 15, 2013 ITEM NO. **14d**

SUBJECT: Status of 2012-2013 Conservation Activities

SUMMARY:

Because conservation is an important part of Zone 7's water supply portfolio, staff continues to develop new and innovative ways to promote indoor and outdoor conservation in the Valley to help meet future water demands. The following summarizes staff's efforts.

- In March 2013, Zone 7 participated in the Regional Proposition 84 Integrated Regional Water Management Planning (IRWMP) Round 2 grant application submitted by Horizon Consultants on behalf of the Association of Bay Area Governments (ABAG) and San Francisco Estuary Partnership with nine project participants and two non-profits.
- The grant award announcement is anticipated in September 2013. The requested conservation portion is $2.7 million dollars. Zone 7 would receive $189,000 from this grant to fund and further the outdoor conservation incentive programs and Home Water Reports.
- Zone 7 is committed to the California Urban Water Conservation Council's (CUWCC) Best Management Practices (BMP's).
- Zone 7 staff recommend continuing to assist businesses in the Valley by providing financial assistance in reducing water and energy consumption, which also assists them in seeking LEED certification and Alameda County Green Business Certification.
- The goal of the conservation program over the next ten years is to reduce water consumption by three thousand acre-feet (3,000 AF) by providing incentives, education, and training and currently we have reduced water consumption 78.3 acre-feet.

FUNDING:

Funding is available in Fund 73 (30%)–Capital Expansion and Fund 52-General Fund. This program is partially funded by an existing Proposition 84 Round 1 grant of $756,750, bringing Zone 7's contribution for this program down to $491,979; plus additional reimbursement for staff reporting.

RECOMMENDATION:

Information only.

ATTACHMENTS:

Internal Memorandum.

Interoffice Memo

Date: May 15, 2013
To: Jill Duerig, General Manager
From: Robyn Navarra, Water Conservation Coordinator
Subject: Status of FY 2012-2013 Conservation Activities

BACKGROUND:
Considerable effort was expended in 2012 on the application for a Proposition 84 Integrated Regional Water Management Plan (IRWMP) Round 2 implementation grant to further water conservation and help Zone 7 meet the requirements of the Water Conservation Act of 2009, SBX7-7. The grant would help fund the implementation and operation of various regional water conservation, water recycling, ecosystem restoration, green infrastructure and flood management-watershed projects to be carried out by the participating agencies. It is anticipated that the award will be announced in September 2013.

In 2007, Zone 7 became a signatory to the California Urban Water Conservation Council (CUWCC). As a member of the CUWCC, Zone 7 is committed to CUWCC BMP's to plan and manage our water supply through our financial incentive, education and public outreach. The conservation program is working to assist all customers in improving water use efficiency through education, outreach, and incentives.

In calendar year 2012, as part of the financial incentives, Zone 7 expanded the types of rebate programs for residents and businesses who invest in high-efficiency technology aimed at reducing indoor and outdoor water use. Table 1: Annual Performance Measures is itemized by program, funding, estimated water savings and DWR grant cost share to be reimbursed to Zone 7. Zone 7 staff continues to partner with the four retailers in developing and implementing new conservation and educational programs.

As shown in Table 1, Zone 7 will be reimbursed by the grant the amount of $260,991.37, so although Zone 7 will expend a total of $390, 438.99 on all the programs, with the grant reimbursement, the total out of pocket cost to Zone 7 is $129,447.62.

Table 1: 2012 Annual Performance Measure:

Project Title	Description	Minimum Cost/unit	Number of Rebates/ Surveys	Est. Water Savings (AF)	Grant Cost Share to be Reimbursed	Total Dollar Amount Paid by Zone 7
Water-Efficient Landscape Rebate	9,281 square feet	$0.50	5	0.71	$3,480.38	$4,488.00
Weather-based Irrigation Controller Rebate All Sectors	434 Active Stations	Up to $30.00/active station	3	4.4	$11,269.33	$15,028.77
High Efficiency Toilet and Urinal Rebate Program	unit	$100.00	486	8.5	$36,059.79	$48,079.72
High Efficiency Toilet and Urinal Direct Install Program	unit	$300.00 - $425.00	505	12.2	$146,356.88	$195,142.50
High Efficiency Washer Rebate	unit	$75.00	1,702	41.7	$63,825.s00	$127,700.00
Large Landscape Survey	Per site	$850.00	16	10.8	N/A	$79,879.44
Totals			**2,717**	**78.31**	**$260,991.37**	**$390,438.99**

Water-Efficient Landscape **-** In 2012, Zone 7 developed a new lawn conversion program to address single and multi-family residences. The purpose of this program is to address outdoor water use. Customers who participate in this program are required to replace fifty percent (50%) of existing maintained turf with low water use or drought tolerant plants. In 2012, Zone 7 received five rebate applications and customers have replaced approximately 9,300 square feet of turf. One applicant was included in the 2013 Bay-Friendly Garden Tour.

Weather-Based Irrigation Controller's - also known as "SMART" controllers, they automatically adjust water times based on local weather conditions. Zone 7 CII irrigation controller program is also a part of the Large Landscape Audit Support Services program. The "SMART" controller program is offered to single- and multi-family residences. Zone 7 recognized this program could achieve great outdoor water savings if the product is made available to the consumer and the customers need additional incentives to make the financial investment. In 2012, this program was successfully with the CII properties; however, this program is not popular with single-family residents.

High-Efficiency Toilet (HET) and High-Efficiency Urinal (HEU) - In 1993 Zone 7 begun to offer toilet rebates and today Zone 7 continues with the HET program and in 2011added the HEU rebate program. The customer is required to purchase and install the HET or HEU and submit a rebate. Currently each eligible HET or HEU is rebated up to $100. The HET program has seen a decline in participants in 2012.

High-Efficiency Toilet (HET) and High-Efficiency Urinal Direct Install Program **-** In 2012, Zone 7 implemented a comprehensive single-family and non-residential High-Efficiency Toilet and Urinal Program. Zone 7 launched the "How Easy is That!" direct install program. Customers can have a toilet, urinal or flushometer purchased and installed for free. This program has four phases. Phase 1 is geared towards low-income single-family residences with a maximum of two toilets and was hugely successful in 2011-12. In 2012, the program was expanded to include all sectors (single-family, multi-family and non-residential customers). Phase 2 is geared toward single-family residences; Phase 3 is multi-family residences; and Phase 4 is CII customers. The goal is to replace 3.5 gallons per flush (gpf) with 1.28 gpf units. This program was so successful, in the first phase by replacing 505 toilets in the first few months of the program.

Zone 7 staff was concerned the toilets would end up in the local landfill and made an arrangement with the contractor Southwest Environmental and the City of Livermore to recycle the toilets with the Boy Scouts, Livermore Troop 924. The cost to recycle the old toilet is $6.00. The Boy Scouts earned $3,030 from this program and the porcelain is broken down and used in asphalt and concrete. This is an environmental benefit.

High-Efficiency Clothes Washer Program - Zone 7 already has a significant high-efficiency clothes washer rebate program available to single- and multi-family residential customers. This is a combined energy and water rebate program in partnership with Pacific Gas and Electric Company (PG&E) for a Tier 3, the most water efficient models. Tier 3 rebates were offered to customers on models achieving the highest energy efficiency and water use reduction. The Tier 3 program began in 2008, and was very popularity, and has been a huge success. In 2012, Zone 7 staff had seen a decline in rebate applications.

Large Landscape Survey Program - In 2012, Zone 7 continued partnering with four retailers in implementing the Large Landscape Survey Audit Support Program. Based on water consumption data provided by the retailers, the highest 20% non-residential water users in the

Livermore-Amador Valley were identified and offered free water surveys on pre-existing landscapes. The survey is conducted according to the State Model Efficient Landscape Ordinance guidelines, codified in Title 23 of the California Code of Regulations (Sections 490-492) as required by the Water Conservation in Landscaping Act (Government Code, Section 65591 et seq.). Statistics show that as much as 50% of commercial water is used for irrigation. With many cases of over-irrigation, excessive run-off and inefficient hardware, water agencies have the opportunity to tap common sense and technology to improve conservation efforts and enhance the health and beauty of our landscapes. Large landscape surveys and water budgets provide technical assistance to customers to use water more efficiently and reduce water waste. These surveys consist of an evaluation of existing irrigation system components, system layout and irrigation practices in relation to the plant material, climate and topography of the site. Studies show that large landscape surveys can reduce water use up to 35%.

Training and Education **-** In May and October 2012, Zone 7 is sponsored the Qualified Water Efficient Landscaper training. Through the Qualified Water-Efficient Landscaper (QWEL) Program, local landscape professionals are making a positive impact towards reducing landscape water demand by becoming more water efficient in landscape design, maintenance, and operation. QWEL provides 24 hours of educational foundation based on principals of proper plant selection for the local climate, irrigation system design and maintenance, and irrigation system programming and operation. Zone 7 is working with the landscape community to support their effort in educating the public on water waste and how to use water wisely. The common goal is conserving water resources and promoting the importance of water efficiency. A total of thirty-eight graduates passed the QWEL Environmental Protection Agency Certification Test. A student survey results show 100% responded that this was the best course they have ever taken and the instruction was instrument.

Large Landscape Irrigation System Hardware Retrofit to Recycled Water - DSRSD Schools Project **-** In 2012, Zone 7 partnered with Dublin San Ramon Services District (DSRSD) to retrofit and convert four schools to recycled water for outdoor irrigation. The goal is to maximize the benefits of the total valley water supply where the four retailers benefit from the reduction in potable water use. Zone 7 funded the irrigation hardware, weather-based irrigation controller, rain sensors, check valves, regulators and nozzle replacements. The project retrofitted 139 acres of turf irrigation permanently reducing potable water supply by 100 acre-feet annually. See Table 2 DSRSD Preliminary Cost Estimate below. This program is partially funded by the Proposition 84 Round 1 grant. DSRSD requested $70,000 for this project and the total project costs is $39,019.56 of which $11,760 will be reimbursed by DWR Prop 84 Round 1 grant.

Table 2: DSRSD Preliminary Cost Estimate

School	Spray Sprinklers	Rotor Sprinklers	WBIC	Sprinkler Cost	Controller Cost	Total Cost	Sprinkler Cost w/tax	Controller Cost w/tax	Total Cost w/tax
Dublin High School	1486	328	7	$16,350	$11,975	$28,325	$17,800	$13,100	$30,900
Murray Elementary	0	127	3	$4,560	$4,810	$9,370	$5,000	$5,300	$10,200
Frederiksen Elementary	382	109	4	$3,465	$6,320	$9,785	$3,800	$6,900	$10,700
Wells Middle/Valley High School	435	355	3	$10,400	$6,320	$16,720	$11,400	$6,900	$18,200
Total						$64,200			$70,000

Tri-Valley Waterwise Website

In 2012, Zone 7 and the Tri-Valley Task Force updated the "Water-Wise Gardening in the Tri-Valley" website. This collaboration between the water retailers and Zone 7 proved to be a success. The website provides information for the homeowner who is looking for the right plant or the perfect garden theme. The website provides information on hundreds of drought tolerant and/or Mediterranean plants. A new addition to the website features information on California native plants, as well as, plants compatible with recycled water and plants that attract for butterflies. Also in 2012, Gardensoft provided statistics on the number of visitors to the website. The report shows the type of visitor traffic that can distinguish between visitors who only visit the site once and **unique visitors** who return to the site**.** Approximately 6,000 unique visitors viewed 17,130 pages of information on waterwise gardening.

Qualified Water Efficient Landscaper Training

In October 2012, Zone 7 sponsored the Qualified Water Efficient Landscaper (QWEL) training. Through the QWEL Program, local landscape professionals are making a positive impact towards reducing landscape water demands by becoming more water efficient in landscape design, maintenance and operation. QWEL provides 21 hours of educational foundation based on principals of proper plant selection for the local climate, irrigation system design and maintenance, and irrigation system programming and operation. Zone 7 is working with the landscape community and businesses to support their effort in educating the public on water waste and how to use water wisely. This process helps ensure that WaterSense irrigation partners are trained on designing, installing, and maintaining water-efficient irrigation systems. The common goal is conserving water resources and promoting the importance of water efficiency. This program is a professional certified program provided by WaterSense and United State Environment Protection Agency partnership.

Bay-Friendly Training & Qualification for Maintaining Existing Landscapes Training

Zone 7 co-sponsored with Alameda County Water District the "Bay-Friendly Training & Qualification for Maintaining Existing Landscapes." Bay-Friendly is a systematic approach to creating and managing beautiful, healthy landscapes that conserve water, reduce waste and pollution, and provide many other benefits for property owners, communities and the environment. Based on seven principles, the Bay-Friendly approach is flexible and can be adapted to suit a variety of styles and needs, from residential yards with areas for playing, relaxing, and growing food; to busy city parks that invite in people and wildlife; to corporate and institutional campuses that are as easy to maintain as they are easy on the environment. A total of 42 attendees participated in seven classes totaling 42 hours of class time, and passed the required certification examination. This collaboration between the water agencies proved to be significant for both agencies in terms of number of professional landscapers reached. By educating the professionals in our area, we continue to promote sustainable landscapes and the understanding of the connections between soil health, waste management, water conservation, and air and water quality.

Green Business Certification

Zone 7 continues to work with Alameda County Green Business Program for restaurants, wineries, and cafes. The goal is saving energy, water, and raw materials; developing a positive, proactive relationship with local compliance inspectors and promoting the Green Business to the public and other businesses. Recently, staff performed an indoor audit at Wente Restaurant and Event Center. Wente is seeking Green Business re-certification.

Water Saving Devices
For almost two decades, Zone 7, in partnership with its retailers supports programs to distribute high-quality low-flow showerheads (rated at 2.0 gpm or less), toilet displacement devices, toilet flappers, and faucet aerators (rated 0.5 gpm or less) to residents who request them.

CONCLUSION:

In summary, Zone 7's conservation programs have resulted in an annual water savings of approximately 78.3 acre-feet. In a demand-side source of water supply, an aggressive conservation program is essential to the Tri-valley. Consumer acceptance of water-efficient technology and practices will result in longer demand reduction that improves the Tri-valley's capacity to manage drought scenarios. These programs will reduce water demand, preserving current supplies and reducing stress on the CALFED Bay-Delta system. As water conservation planning, technologies and practices continue to evolve daily at an unprecedented rate, the program(s) may achieve greater water savings than projected.

In 2009, a Cost-Benefit study was completed by Kennedy-Jenks that identified the most cost-effective Demand Management Measures (DMMs) also called the Best Management Practices (BMPs). To keep our programs current and effective, staff plan to ask the consultant to review our conservation programs and update the 2009 study.

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: Tom Pico/Tim Hunt

AGENDA DATE: May 15, 2013 ITEM NO. **14e**

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of the Agency's lobbying firm, The Gualco Group, Inc., and the Agency's legislative support consultant, Tim Hunt, monitors legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.
- Three bills related to the water bond slated for the 2014 ballot were made committee bills by the Assembly Water, Parks and Wildlife Committee and passed to allow further discussion. Leadership of both houses have indicated there will be no action until after the FY 2013-14 budget passes. The bills are AB 142 (Perea), AB 295 (Salas) and AB 1331 (the committee).
- AB 145 (Perea) cleared a second Assembly committee, the Environmental Safety and Toxic Materials Committee. The bill would shift responsibility for the state's drinking water program from the Department of Public Health to the State Water Resources Quality Control Board. ACWA continues to oppose unless it is amended. The bill gained impetus when USEPA wrote a strongly worded letter to the state Department of Public Health criticizing it for failing to spend $445 million of federal funds in its account that is designed for improving drinking water.
- AB 763 (Buchanan), which would allow the Department of Boating and Waterways to control and potentially eradicate aquatic non-native weeds as well as troublesome native water plants, was placed in the suspense file of the Assembly Appropriations Committee since it was estimated to have an initial financial impact of more than $500,000.
- SB 449 (Gagliani) was gutted and amended so it would prohibit the Department of Water Resources from making grants or direct payments to any agency using Delta-conveyed water that could not demonstrate it was reducing its reliance on the Delta-conveyed water. The bill has been amended twice and passed the Senate Natural Resources and Water Committee, and was referred to Appropriations. Opponents have been meeting with the author and staff to develop further amendments.

RECOMMENDED ACTION: Information only

ATTACHMENT: Executive Summary

The Gualco Group, Inc.®

EXECUTIVE SUMMARY
State Legislation

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

May 1, 2013

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments
Delta Environment				
AB 763 (Buchanan)	Aquatic invasive plants: control and eradication	The bill would authorize the Department of Boating and Waterways, in consultation with appropriate state, local, and federal agencies, to take any action it determines is necessary to implement statewide management and eradication measures for those invasive aquatic plants.	Support	Held in Assembly Committee on Appropriations
AB 823 (Eggman)	Environment: California Farmland Protection Act	This bill would enact the California Farmland Protection Act, which would require that a lead agency reviewing a development project require that all feasible mitigation of the identified significant environmental impacts associated with the conversion of agricultural lands be completed by the project applicant.	Watch	In Assembly Committee on Agriculture
AB 1259 (Olsen)	Sacramento-San Joaquin Valley	This bill related to the Central Valley Flood Protection Plan would include, among the findings that exempt a city or county within the Sacramento-San Joaquin Valley from its prohibitions and requirements, a finding that property in an undetermined risk area has met the urban level of flood protection based on substantial evidence in the record.	Watch	On Assembly Floor, File Item #74 – Consent Calendar
SB 735 (Wolk)	Sacramento-San Joaquin Delta Reform Act of 2009: multispecies conservation plan	This bill would require the Delta Stewardship Council; the Department of Fish and Wildlife; the Counties of Contra Costa, Sacramento, and Solano; the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency; and the San Joaquin Council of Governments to enter into a memorandum of understanding that describes how the parties would ensure that multispecies conservation plans that have been adopted or are under development are consistent with the Delta Plan.	Watch	Set for hearing in Senate Committee on Appropriations on 05/06/2013

Delta Protection Commission				
AB 183 (Dickinson)	Delta Protection Commission: executive director: comprehensive long-term resource management plan: determination of consistency	This bill would require the executive director of the Delta Protection Commission to determine a discretionary project located in the primary zone to be consistent with the resource management plan provided that the project satisfies at least 4 of the 5 criteria.	Watch	Hearing Postponed: Assembly Committee on Water, Parks and Wildlife
Bay-Delta				
AB 1331 (ASM CMTE on WP&W)	Water Resources: Bay-Delta sustainability	This bill would express findings and declarations including that the November 2014 ballot currently includes a bond measure for $11.14 billion to fund projects related to water and that it is in the public interest to pass a general obligation bond that includes grants and loans to state and local agencies to help fund needed improvements to Delta sustainability, healthy watersheds and aquatic ecosystems.	Watch	Assembly Committee on Appropriations
SB 449 (Galgiani)	Local water supply programs or projects: funding	This bill would prohibit the Department of Water Resources from funding, through loans, grants, or direct expenditure, specific programs or projects within the service area of, or otherwise directly benefitting, an urban area or agricultural water from, transferred through, or used in the Delta Watershed, unless the department determines that the water supplier is reducing its dependence on the Delta.	Watch	Senate Committee on Appropriations
Groundwater				
SB 620 (Wright)	Water replenishment districts	Current law, the Water Replenishment District Act, generally authorizes a water replenishment district to establish an annual reserve fund in an amount not to exceed $10,000,000 commencing with the 2000-01 fiscal year, and thereafter, as that amount is adjusted annually. The act requires a minimum of 80% of the reserve fund to be expended for water purchases. This bill would, until the 2019-20 fiscal year, eliminate the requirement that at least 80% of the reserve fund be expended for water purchases.	Watch	On Senate Floor, File Item #36
State-Funded Research				
AB 142 (Perea)	Water resources: infrastructure	This bill would require the Department of Water Resources to initiate and complete a comprehensive study of California's state and local water supply infrastructure needs and provide a report to the Legislature by July 1, 2014, that summarizes those findings.	Watch	Assembly Committee on Appropriations

AB 378 (Hueso)	Resources: Delta Research	This bill would require a person conducting Delta research, as defined, whose research is funded, in whole or in part, by the state, to take specified actions with regard to the sharing of the primary data, samples, physical collections, and other supporting materials created or gathered in the course of that research.	Watch	Assembly Committee on Accountability and Administrative Review
State Water Resources Control Board				
AB 145 (Perea)	State Water Resources Control Board: Drinking Water	This bill would transfer to the State Water Resources Control Board the various duties and responsibilities imposed on the Department of Public Health by the California Safe Drinking Water Act.	Oppose	Assembly Committee on Appropriations
Water Transfer				
AB 426 (Salas)	Water: water transfers: water rights decrees	Under current law, any water right determined under a court decree issued after January 1, 1981, is transferable as specified. This bill would eliminate the requirement that a court decree be issued after January 1, 1981.	Watch	Assembly Committee on Appropriations
Water Recycling				
AB 613 (Hueso)	Water: water reclamation	The Water Recycling Law provides that a person recycling water or using recycled water in violation of specific provisions, after the violation has been called to the attention of that person in writing by the regional board, is guilty of a misdemeanor, as specified. This bill would make technical, nonsubstantive changes to the provision.	Watch	Read 1st time
AB 803 (Gomez)	Water Recycling Act of 2013	As amended, this bill would change reporting requirements for the discharge of treated sewage effluent whens defined as recycled water. It also would authorize compliance with effluent limitations for the release or discharge of advanced treated purified water into a conveyance facility.	Watch	Assembly Committee on Appropriations
AB 1200 (Levine)	Recycled water: agricultural irrigation impoundments: pilot project	This bill would, before October 1, 2014, require the San Francisco Bay Regional Water Quality Board to authorize a voluntary pilot project for the purposes of investigating potential water quality impacts associated with maximizing the supplementation of agricultural irrigation impoundments with disinfected tertiary treated recycled water, if the regional board finds that the proposed pilot project satisfies specified criteria. This bill would require the pilot project to include a stakeholder advisory group, composed as prescribed, to review and provide input on pilot project design, implementation, and data analysis. This bill would repeal these provisions on January 1, 2018.	Watch	Assembly Committee on Appropriations

Water Bond

SB 40 (Pavley)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012	This bill would change the name of the act to the Safe, Clean, and Reliable Drinking Water Supply Act of 2014 and declare the intent of the Legislature to amend the act for the purpose of reducing and potentially refocusing the $11,140,000,000 bond.	Watch	Senate Committee on Natural Resources and Water
SB 42 (Wolk)	The California Clean, Secure Water Supply and Delta Recovery Act of 2014	This bill would enact the California Clean, Secure Water Supply and Delta Recovery Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a clean, secure water supply and Sacramento-San Joaquin Delta recovery program and would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Senate Committee on Natural Resources and Water
SB 783 (De Leon)	The California Clean Water, Safe Urban Parks, and Environmental Health Investment Act of 2014	This bill would declare the intent of the Legislature to enact legislation that would improve the economy, the natural environment, and increase and improve access opportunities to physical fitness, by enacting the California Clean Water, Safe Urban Parks, and Environmental Health Investment Act of 2014	Watch	Senate Committee on Rules
AB 295 (Salas)	Water Supply: Infrastructure	As amended, this bill would require the State Water Resources Control Board and the Drinking Water and Environmental Health Management Division of the state Dept. of Public Health to undertake a comprehensive study relating to the need for state funding for projects necessary to ensure that all Californians have access to safe drinking water and to submit a report to the Legislature that identifies and prioritizes these projects. The report will be utilized when considering modifications to the 2014 water bond.	Watch	Assembly Committee on Appropriations

Public Works

AB 44 (Buchanan)	Subletting and Subcontracting Fair Practices Act: bidding practices.	This bill would require specifications or conditions, under which bids will be received, issued on and after July 1, 2014, by any officer, department, board, or commission, for the construction of any public work or improvement to require any person making a bid or offer to perform the work to set forth the California contractor license number of each subcontractor who will perform work or labor or render services to the prime contractor in his or her bid or offer.	Watch	Senate Committee on Rules

SB 616 (Wright)	Public works: payment bonds	This bill would, until January 1, 2017, exempt the Los Angeles Unified School District from this provision when the district enters into a public works contract in an amount less than $1,000,000 with a contractor that is a small business or microbusiness, as defined, that participates in the district's self-insurance program.	Watch	Senate Committee on Governmental Organization
Special Taxes: Voter Approval				
ACA 8 (Blumenfield)	Local government financing: voter approval	This bill would create an additional exception to the 1% limit 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	Assembly Committee on Local Government
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	Set for hearing in Senate Committee on Governance and Finance on 05/15/2013
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	Set for hearing in Senate Committee on Governance and Finance on 05/15/2013
Hydraulic Fracturing				
AB 982 (Williams)	Oil and gas: hydraulic fracturing	This bill would define "hydraulic fracturing." The bill would also require any notice of intent to drill, rework, or deepen a well where hydraulic fracturing will occur to include a groundwater monitoring plan for review and approval by the supervisor and the appropriate regional water quality control board, which would contain specific information relating to groundwater, water quality, and the monitoring of wells and water quality.	Watch	Assembly Committee on Appropriations
AB 1301 (Bloom)	Oil and gas: hydraulic fracturing	This bill would define "hydraulic fracturing" and would prohibit hydraulic fracturing in oil and gas operations until the Legislature enacts subsequent legislation that determines whether and under what conditions hydraulic fracturing may be conducted while protecting the public health and safety and the natural resources of the state.	Watch	Assembly Committee on Appropriations

SB 395 (Jackson)	Hazardous waste: wells	Current law imposes requirements upon the operator of an injection well and defines the term "injection well" for these purposes as excluding wells regulated by the Division of Oil and Gas. This bill would delete that exclusion of those regulated wells from the definition of "injection well," thereby subjecting those wells to the requirements imposed upon injection wells.	Watch	Senate Committee on Appropriations
Placeholder (aka "Spot") Bills				
AB 1078 (Quirk)	Water: water recycling technology	This bill would state the intent of the Legislature to enact legislation to encourage the creation of new technologies to further the use of recycled water in the state.	Watch	Read 1st time
AB 1249 (Salas)	Public water systems: water supply assessments	This bill would make a technical, nonsubstantive change to the requirement that a city or county that determines a project is subject to CEQA to identify any public water system that may supply water for the project.	Watch	Read 1st time
Water Conservation				
AB 1349 (Gatto)	CalConserve Water Use Efficiency Revolving Fund	This bill would require moneys in the CalConserve Water Use Efficiency Revolving Fund to be used for purposes that include 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	Assembly Committee on Appropriations
Drinking Water				
AB 1 (Alejo)	Water quality: integrated plan: Salinas Valley	This bill would appropriate $2,000,000 to the State Water Resources Control Board for use by the Greater Monterey County Regional Water Management Group (management group) to develop an integrated plan to address the drinking water and wastewater needs of disadvantaged communities in the Salinas Valley whose waters have been affected by waste discharge.	Watch	Held in Assembly Committee on Appropriations
AB 21 (Alejo)	Safe Drinking Water Small Community Emergency Grant Fund	This bill would authorize the Department of Public Health to assess a specified annual charge in lieu of interest on loans for water projects made pursuant to the Safe Drinking Water State Revolving Fund, and deposit that money into the Safe Drinking Water Small Community Emergency Grant Fund, which the bill would create in the State Treasury.	Watch	Held in Assembly Committee on Appropriations

AB 30 (Perea)	Water quality	Existing law authorizes the State Water Resources Control Board, until 2014, to assess a specified annual charge in connection with any financial assistance made pursuant to the revolving fund program and requires the proceeds generated from the imposition of that charge to be deposited in the State Water Pollution Control Revolving Fund Small Community Grant Fund. This bill would authorize the board to assess the charge without change unless the board determines that application of the charge is not consistent with federal requirements regarding the fund, at which time the board would be required to replace the charge with an identical interest rate.	Watch	Held in Assembly Committee on Appropriations
AB 115 (Perea)	Safe Drinking Water State Revolving Fund	This bill would authorize the State Department of Public Health to fund projects, by grant, loan, or a combination of the two, where multiple water systems apply for funding as a single applicant for the purpose of consolidating water systems or extending services to households relying on private wells, as specified. The bill would authorize funding of a project to benefit a disadvantaged community that is not the applying agency.	Watch	Senate Committee on Rules
AB 118 (ASM ES&TM)	Safe Drinking Water State Revolving Fund	This bill would authorize the State Department of Public Health to adopt interim regulations for purposes of implementing provisions relating to the Safe Drinking Water State Revolving Fund. The bill would require an applicant for funding to demonstrate that it has the technical, managerial, and financial capacity to operate and maintain its water system for at least 20 years.	Watch	Held in Assembly Committee on Appropriations
AB 119 (ASM ES&TM)	Water treatment devices	This bill would require each manufacturer that offers for sale in California a water treatment device for which it makes a health or safety claim, as defined, to submit specified information, including the manufacturer's contact information, product identification information, and the specific contaminant claimed to be removed or reduced by the device, to the department for purposes of inclusion on the department's Internet Web site.	Watch	On Assembly Floor
AB 1223 (Stone)	Safe drinking water act	Current law finds and declares, among other things, that over 95% of all large public water systems in California are in compliance with health-based action levels established by the State Department of Public Health for various contaminants, and that it is the intent of the Legislature to establish a drinking water regulatory program to provide for the orderly and efficient delivery of safe drinking water within the state and to give the establishment of drinking water standards and public health goals greater emphasis and visibility. This bill would make technical, nonsubstantive changes to the latter provisions.	Watch	Read 1st time

SB 772 (Emmerson)	Drinking water	This bill would require the State Department of Public Health or the local health agency, where applicable, annually to provide the address and telephone number for each public water system and state small water system to the Public Utilities Commission and, as prescribed, to a local agency formation commission.	Watch	In Senate Committee on Governance and Finance – Canceled at author's request
Salton Sea				
AB 71 (Perez, V. Manuel)	Salton Sea restoration	This bill would require the Secretary of the Natural Resources Agency, in consultation and coordination with the Salton Sea Authority, to lead Salton Sea restoration efforts. This bill would require the secretary, in consultation and coordination with the authority, to form a technical advisory group, as prescribed, to provide guidance about evaluating, developing, or proposing future restoration or economic development activities.	Watch	Senate Committee on Rules
AB 147 (Perez, V. Manuel)	Environment: Salton Sea: dust mitigation	This bill would require the State Air Resources Board, upon the execution of an agreement with the joint powers authority, to evaluate and determine with the air quality planning completed by the authority is sufficient to mitigate the air quality impacts of the QSA. In the event that the state board concludes that additional mitigation measures are needed, the bill would require the state board to submit recommendation to the authority.	Watch	Assembly Committee on Appropriations
AB 148 (Perez, V. Manuel)	Renewable energy: Salton Sea	This bill would require the Secretary of the Natural Resources Agency, in consultation and coordination with the Salton Sea Authority, to establish a Salton Sea Renewable Energy and Biofuel Research and Development Program in the Salton Sea basin to meet high-priority economic and environmental goals by providing grants to facilitate research and the commercial development of renewable energy and biofuel resources.	Watch	Assembly Committee on Natural Resources – Canceled at the request of the author
Open Meeting				
AB 194 (Campos)	Open meetings: protections for public criticism: penalties for violations	This bill would make it a misdemeanor for a member of a legislative body, while acting as the chairperson of a legislative body of a local agency, to prohibit public criticism protected under the Ralph M. Brown Act. This bill would authorize a district attorney or any interested person to commence an action for the purpose of obtaining a judicial determination that an action taken by a legislative body of a local agency in violation of the protection for public criticism is null and void.	Watch	Assembly Committee on Local Government – Canceled at the request of the author

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

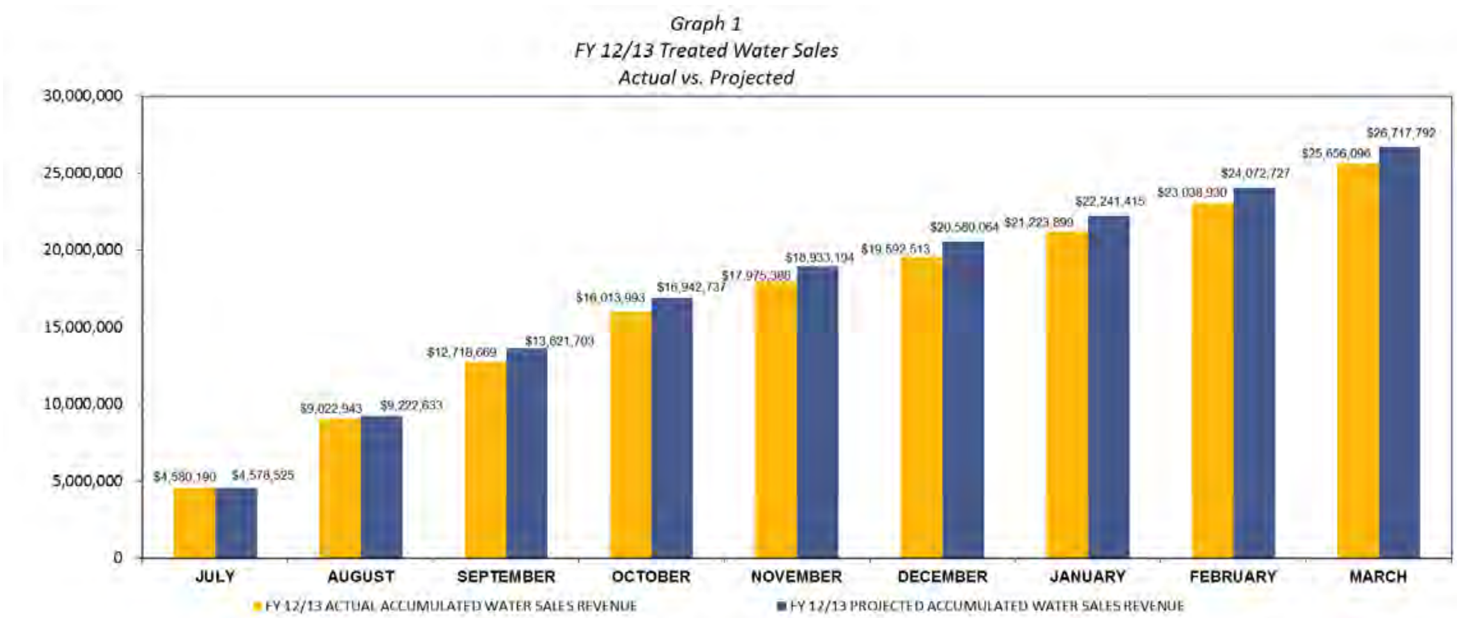
ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: JAVIA GREEN

AGENDA DATE: May 15, 2013 ITEM NO. **14f**

SUBJECT: **Report on Water Sales and Connection Fee Revenue**

Treated Water Sales (Fund 52)

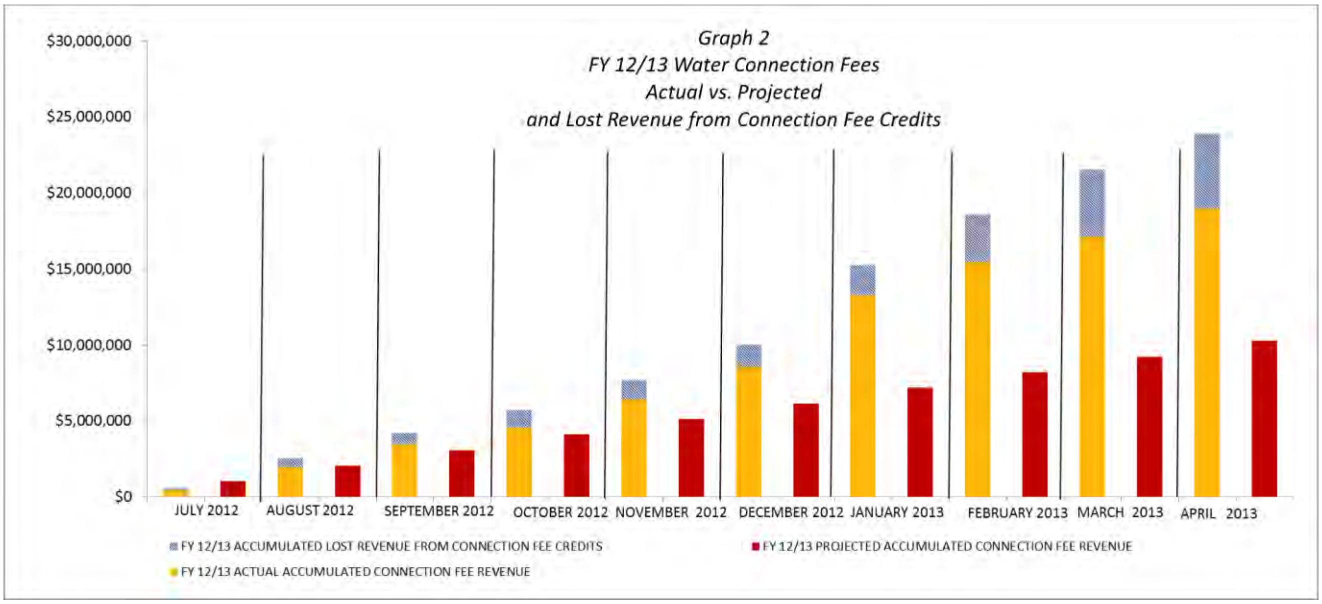
Treated water sales revenue funds water system operations (Fund 52) and, through annual inter-fund transfers, capital projects (Fund 72). For fiscal year 2012/13 (FY 12/13), through the end of March 2013, 27,420 acre-feet of water was sold, resulting in actual sales of $25.6M. This is 4% less than the projection of $26.7M (from 28,158 acre-feet) for the same time frame. Actual water sales compared to projected sales through March 2013 is shown in Graph 1 below.



Connection Fees (Fund 73)

Non-discretionary expenditures (fixed costs) for Fund 73 are close to $20M annually. The expenditures include debt payments for the South Bay Aqueduct (SBA) Enlargement Project, Fourth Contractor's Share of the SBA and the Cawelo Groundwater Banking Program. While development activity is picking up, Staff continues to closely monitor cash flow and prepares quarterly updates of this fund to assure cash availability.

For FY 12/13, year-to-date (July 1, 2012 – April 30, 2013) connection fee revenue totals $18.9M, which is $6.6M more than the projection for the entire fiscal year of $12.3M. A total of 211 connection fee credits were used totaling another $4.9M, while 698 credits remain outstanding (valued at $16.4M at the 2013 connection fee level). Actual connection fee revenue plus lost revenue from credits used for FY 12/13 compared to projected revenue is shown in Graph 2 below.



RECOMMENDED ACTION:

Information only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: GROUNDWATER SECTION
CONTACT: Colleen Winey/Matt Katen

AGENDA DATE: May 15, 2013 ITEM NO. **14g**

SUBJECT: Annual Report for the Groundwater Management Program for 2012 Water Year

SUMMARY:

Staff has completed its 2012 Annual Report for the Zone 7 Groundwater Management Program. The Executive Summary is attached, and the full report is available on the Zone 7 website: www.zone7water.com.

The following are highlights contained in this year's report:

- The Livermore Valley received about 68% of its average annual rainfall between October 2011 and September 2012, resulting in about 1,460 acre-feet (AF) of areal rainfall recharge (34% of average).
- Rainfall runoff and natural stream flow from fringe areas resulted in about 1,620 AF of in-stream recharge in the Main Basin aquifers, while releases from the South Bay Aqueduct into the Streams\Creeks resulted in 8,780 AF of artificial recharge into the basin. Including 5,080 AF of recharge from all other components, the total recharge\inflow into the Main Basin was 16,940 AF.
- A total of 20,560 AF of groundwater was pumped from Main Basin wells and about 8,320 AF of groundwater was lost due to gravel mining operations and quarry pond evaporation, resulting in a total groundwater demand\outflow of 28,880 AF for the year.
- Based on inventory of all water inflows and outflows, groundwater storage in the Main Basin was reduced by about 11,900 AF during WY 2012. The total "operational" water in local storage remaining at the end of the water year was approximately 89,000 AF, or about 71% of the operational capacity of 126,000 AF (calculated as the difference between the established high in 1983 and historic low).
- The Main Basin's cumulative salt load decreased by approximately 6,800 tons in WY 2012 with Mocho Groundwater Demineralization Plant operations being responsible for about 4,060 tons of the salt removed.
- Staff processed 150 well drilling permit applications in 2012, ensured that sufficient progress was being made on 65 contamination sites, and was considering two commercial-use septic tank authorization requests at the end of 2012.
- Significant progress was made on the update of Zone 7's Salt Management Plan in 2012.

FUNDING: Funding for this program is from Fund 52 - Water Enterprise.

RECOMMENDED ACTION: Information only.

ATTACHMENTS: Executive Summary of the Annual Report of the Groundwater Management Program for 2012 Water Year.

ES Executive Summary

In Summer 2012, Zone 7 celebrated 50 years of groundwater recharge. Operating the basin as a kind of bank account, Zone 7 continues to use a portion of its State Water Project water, along with local surface water stored in Del Valle Reservoir, to recharge the basin. It draws on this storage to augment imported supplies, especially during summer when seasonal demands are highest, and in times of drought. Recharge also helps dilute the natural hardness of groundwater. This Annual Report for the Groundwater Management Program summarizes Zone 7's groundwater management and monitoring efforts in the Livermore Valley Groundwater Basin (Figure ES-1) for the 2012 Water Year (October 2011 through September 2012). This report includes 2012 Water Year data sets, results, and interpretations for the monitoring, evaluation, and management programs outlined in the 2005 Groundwater Management Plan (GWMP). This report also includes revised quantities for various groundwater storage and salt loading components (e.g., rainfall recharge, applied recharge). The current and historical numbers in this report replace any generated for past reports.

ES 1 Overview

From October 2011 through September 2012 (2012 Water Year), water levels dropped and groundwater supplies stored locally in the Main Basin decreased by approximately 10,000 acre-feet (AF). Below-normal rainfall (Figure ES-2) on the watershed led to very low rainfall recharge and natural stream recharge for this year's Main Basin supply. The low rainfall along with some extended outages of the State Water Project's delivery system and difficult to treat raw water quality factored into higher–than-normal groundwater pumping totals for the year as well. Another significant demand on groundwater this year involved the gravel mining operations which needed to pump more groundwater to keep their quarries dewatered as they excavate them deeper. One partially offsetting addition to the groundwater supply was Zone 7's aggressive artificial recharge operations which managed to percolate over 8,700 AF into the basin using the three main arroyos that flow through the Valley.

The 2012 Water Year ended with an estimated 89,000 AF of groundwater in storage above the "historic low" constraint and available for recovery. This represents about 71% of the Main Basin's estimated operational storage capacity. Accordingly, groundwater elevations in the Main Basin's Key Wells were generally lower (-7 to -18 feet) than they were at the end of the 2011 Water Year (Figure ES-3 and Figure ES-4). The exception was in the lower Amador East Subbasin Key Well, where the September 2012 Water Year level was approximately 14 feet lower than the September 2011 Water Year level. There were no indications that inelastic subsidence occurred anywhere in the valley during the water year due to groundwater pumping.

The greatest salt inflows to the Main Basin during the 2012 Water Year came from "applied water recharge" and "natural and artificial stream recharge," whereas the greatest salt removal (sinks) resulted from the salt exports associated with "municipal pumping" and "mining discharges." Zone 7's Mocho Groundwater Demineralization Plant (MGDP) was directly responsible for removing approximately 4,064 tons of salt while operating at about 60% of its capacity during the 2012 Water Year. After accounting for salt inflows and outflows from all sources and sinks, the net salt loading on the Main Basin was approximately -6,800 tons for the 2012 Water Year, marking the fourth year in a row that the net annual salt loading has been a negative value. However, despite the net salt reduction in 2012, the calculated basin-wide average Total Dissolved Solids (TDS) concentration increased by about 16 mg/L. This is because rainfall recharge, which typically accounts for a great deal of "salt-free" water being added to the inventory, was very low in 2012, therefore driving the average TDS concentration of the Basin's recharge supply to be greater than the average TDS concentration of its discharge (production and outflow).

For groundwater protection purposes, staff issued 150 well activity permits in 2012; ten more than in 2011. One new commercial septic tank use approval application was received during the year, and a plan for expansion of an existing permitted commercial use was considered during 2012. Staff carefully tracked the progress being made for the cleanup of 16 "high priority" toxic sites that have either impacted or are a threat to potable water supply wells within the valley. None of the local development project proposals received and reviewed by staff during the year, contained unmitigated "potentially significant impacts" for groundwater supply or quality.

In 2013 Zone 7 staff continued the effort to update the Salt Management Plan (SMP). The update is required by the State Water Resources Control Board's adoption of the Recycled Water Policy, which is intended to provide direction to the Regional Water Quality Control Boards, proponents of recycled water projects, and the public regarding the appropriate criteria to be used by the State Water Board and the Regional Water Boards in issuing permits for recycled water projects. The Policy outlines requirements for development of Salt/Nutrient Management Plans in areas where recycled water is used over active groundwater basins. Zone 7's existing SMP already satisfies many of the newly-adopted requirements of the State Board's Recycled Water Policy but the SMP is being updated to include an analysis of nutrients (and any appropriate related management plans to address them), as well as monitoring for "constituents of emerging concern" (CECs). As part of the same SMP update effort, staff are evaluating the portfolios presented in the Water Supply Evaluation for potential impacts on groundwater quality. The SMP update should be completed in early 2014.

Also beginning in 2012 and continuing into 2013, staff have been working towards execution of an agreement and implementation of a project with Vulcan Materials to recapture groundwater pumped as part of Vulcan's mining operations. Under the new project, Vulcan would decant surplus water they had pumped then transfer the water to Cope Lake or one of the other lakes owned by Zone 7 for subsequent recharge back into the groundwater basin, rather than discharging the water to a non-losing stream reach where is will be lost as surface outflow to the Bay (as it is now).

ES 2 Monitoring Programs

Climatological – The 2012 Water Year rainfall in the valley was below average at 68% of normal (Figure ES-2 shows rainfall at Station 15E, which was 61% of normal). The evaporation for the Valley, represented by the Lake Del Valle Station, ended the year with 110% of normal evaporation.

Groundwater – In general, the Main Basin groundwater levels dropped significantly during the 2012 Water Year in response to low rainfall recharge and lack of supply for artificial recharge (Figure ES-3 to Figure ES-6). Water levels in the Key Wells in subbasins pumped by Zone 7 (Bernal and Amador) indicated that water levels in the lower aquifer were 34 to 116 ft above historical lows at the end of the 2012 Water Year (Figure ES-7).

Groundwater quality in the Upper Main Basin (Figure ES-8) and Lower Main Basin (Figure ES-9) aquifers remained relatively unchanged from the 2011 Water Year. The individual municipal supply wells in the Mocho Wellfield that experienced higher than average increases in hardness and salinity starting in about 2000, began to stabilize or decrease slightly in most wells during 2011 and 2012. The poorer quality water seems to be coming from the upper aquifers as a result of a strong downward gradient induced by the pumping wells. Staff will continue to investigate whether these localized increases are consequences of natural "leaky" aquitards between the upper aquifers (with poorer water quality) and the lower aquifers (which are being pumped) or are due to poorly constructed wells in the neighboring area serving as conduits. Three abandoned and improperly sealed wells located in the immediate vicinity of the Mocho Wellfield have been or will be properly destroyed in 2012 and 2013. Staff will continue to closely monitor the water quality and aquifer conditions in the Mocho Wellfield to see if these well destructions make a difference in the Mocho supply wells' TDS concentrations.

Surface Water – Due to the low rainfall in the Valley during the 2012 Water Year, the watershed runoff total into Lake Del Valle was 1,557 AF, only 6% of average. There were no flood releases from Lake Del Valle into the Arroyo Valle. Releases from the South Bay Aqueduct (SBA) to the Arroyo Valle totaled 6,575 AF, releases from the SBA to the Arroyo Mocho totaled 5,192 AF, and releases from the SBA to the Arroyo Las Positas (via Altamont Creek) totaled 562 AF.

Two sets of synoptic discharge measurements were made on the Arroyo Las Positas in 2012 which calculated that the recharge rate from the Arroyo Las Positas was 1 cfs and 1.5 cfs for flows of 2.8 and 6 cfs, respectively. These recharge rates are much lower than anticipated.

Subsidence – There was no evidence of inelastic (permanent) subsidence due to groundwater pumping during the 2012 Water Year. Zone 7's survey benchmarks changed in elevation from Fall 2011 to Fall 2012 from +0.030 to -0.071 ft (Figure ES-10). These changes in land surface elevation are within the range of elastic subsidence observed over the life of the monitoring program. Elevation changes from Spring to Fall 2012, which varied from +.044 to -0.049 ft, were also within the range of elastic movement.

Mining Area - Mining activities continued for Vulcan Materials (formerly Calmat) and Cemex (formerly RMC and Lonestar). Vulcan Materials continued their mining in R28 located south of Stanley Boulevard (future Lake D area) and continued limited operation in R24 (future Lake E). Cemex continued mining in P42, located just north of Arroyo Valle (in the future Lake B area). As a result of these mining operations, about 4,677 AF of groundwater were discharged to the Arroyo Mocho and subsequently flowed out of the Valley and approximately 700 AF of groundwater were lost during gravel processing. Evaporation from the mining ponds accounted for another 2,946 AF of groundwater loss. TDS concentrations (a surrogate for hardness readings) in the mining area pits ranged from about 300 mg/L to over 1,000 mg/L, with the better water quality found in the ponds that are intercepting groundwater and artificially recharged surface water. The higher TDS concentrations are found, for the most part, in the sealed ponds, where evaporation is likely concentrating the minerals in the water.

Land Use - For the 2012 Water Year, Main Basin land use remained relatively unchanged from the 2012 Water Year. Development continues to be slow due to the effect of the poor economy.

Groundwater Production - During the 2012 Water Year, about 20,558 AF of groundwater was pumped from the Main Basin. Zone 7 produced approximately 11,246 AF of the pumped groundwater. For the 2012 Water Year, Pleasanton pumped 3,459 AF and California Water Service Company pumped 3,253 AF. All other groundwater production (1,126 AF) was about normal for the basin.

Wastewater and Recycled Water – In 2012, approximately 20,630 AF of wastewater flowed to the two publicly-owned treatment works (POTWs; Livermore Water Reclamation Plant (LWRP), and Dublin San Ramon Services District’s (DSRSD) wastewater plant as compared to 21,092 AF in 2011. About 22% of the wastewater received by these two POTWs was recycled and applied as irrigation: 1,178 AF by the City of Livermore and 2,763 AF by DSRSD. About 67% (1,143 AF) of the recycled water produced by LWRP was applied over the Main Basin; whereas all of DSRSD’s recycled water was applied on areas outside of the Main Basin, primarily on fringe basin areas. Zone 7 staff continues to investigate the hydrogeologic relationship between the fringe and Main basins as part of updating its Salt Management Plan (SMP) to quantify the inflow of groundwater and salts from the fringe basins to the Main Basin.

The recycled water from both plants met the State Department of Public Health "Title 22" water quality standards for irrigation uses during the 2012 Water Year. TDS concentrations in the portion applied directly on the Main Basin ranged from 450 mg/L to 704 mg/L, while its Total Kjeldahl Nitrogen (TKN) content ranged from 14 mg/L to 45 mg/L. About 6% (847 tons) of the Main Basin’s gross salt loading (13,087 tons) was attributed to recycled water use over the Main Basin during the 2012 Water Year.

ES 3 Basin Evaluation Programs

Recharge Calculations – For the 2012 Water Year, total natural recharge was about 7,116 AF. This includes rainfall recharge of about 1,462 AF, natural stream recharge of about 1,618 AF, Arroyo Valle Prior Rights recharge of 601 AF, applied water recharge at about 2,435 AF and subsurface Basin inflow of about 1,000 AF. Artificial stream recharge (8,778 AF) for the 2012 Water Year was about 166% of the historical average.

Groundwater Storage - At the end of the 2012 Water Year, the total groundwater in storage was estimated to be 217,000 AF, and the total recoverable groundwater in storage was estimated to be about 89,000 AF, which is about 71% of the basin’s operational capacity of 126,000 AF calculated as the difference in groundwater storage between the “low” established in the early 1960’s and the “high” in 1983 (Figure ES-11).

Salt Loading Calculations – Net salt loading to the Main Basin dropped approximately 6,800 tons during the 2012 Water Year (Figure ES-12). This year’s main salt contributors were “applied water recharge” (6,069 tons which includes 847 tons from recycled water), “natural stream recharge” (1,167 tons), “basin inflow” (2,092 tons), and “artificial stream recharge” (2,851 tons). The main de-salting components were “municipal pumping” (16,749 tons including 4,064 tons removed by the Mocho Groundwater Demineralizaton Plant) and “mining export” (2,665 tons).

Before Zone 7's demineralization plant was constructed in 2009, approximately 84,264 tons of salt had been added to the Main Basin since 1973. This was equivalent to a total theoretical TDS increase of about 261 mg/L since 1973. Since 2009, there has been a net reduction in Main Basin salts by approximately 9,872 tons of salt. However, during this same period, the average basin-wide TDS increased slightly, by about 16 mg/L, due to several years (especially in 2009 and 2012) of reduced natural rainfall and stream recharge, which would have reduced the basin-wide TDS if they had been closer to average. The net reduction of water in storage during the 2012 Water Year was also a contributing factor to why the average TDS increased while the total mass decreased.

ES 4 Basin Management Programs

Most 2012 Basin Management Programs remained unchanged from 2011 except for:

Groundwater Demineralization – During the 2012 Water Year, approximately 4,672 AF of groundwater produced from Mocho Wellfield wells was run through the MGDP, which uses reverse osmosis technology to remove dissolved minerals/salts. As a result, 935 AF of brine containing 4,000 tons of salt was generated and exported from the basin via DSRSD.

Well Ordinance Program - Zone 7 issued 150 drilling permits in the 2012 Calendar Year, 10 more than were issued in 2011. Zone 7 permit compliance staff inspected approximately 51% of all permitted well work in 2012.

Septic Tank Management – Authorization was requested for one new commercial-use septic tank at the end of 2012. Staff recommended approval based on the reduced nutrient loading that the proposed treatment system would achieve. Staff also evaluated plans for an expansion of an existing large-scale winery's onsite wastewater disposal operations in South Livermore in 2012 and collaborated with ACEH and Regional Water Quality Control Board (RWQCB) to require a cumulative impact analysis of the onsite wastewater flows, installation of nitrogen treatment equipment on all domestic sewage systems and a performance monitoring program to ensure that groundwater was not being further degraded by the winery operations both presently and in the future.

Toxic Site Surveillance Program - In 2012, Zone 7 tracked the progress of 65 active sites where contamination has been detected or is threatening groundwater. Sixteen of the sites are designated as "High Priority" because they have impacted or are an immediate threat to potable water supply wells or surface water. Twelve of the high priority sites are fuel leak cases; the other four cases involve solvent contamination (tetrachloroethylene [PCE]). Seven contamination cases were closed during 2012, after they were determined to no longer pose a threat to drinking water. Alameda County Environmental Health (ACEH) is the lead agency overseeing the cleanup of all of the fuel leak sites. Generally, the RWQCB oversees solvent contamination cases; however, two of the solvent cases identified by Zone 7 have not been incorporated into the RWQCB's case load because the responsible parties have not yet been identified. For these two cases, Zone 7 staff continues to work with the RWQCB to identify potentially responsible parties so that they can begin pursuing investigation and cleanup.

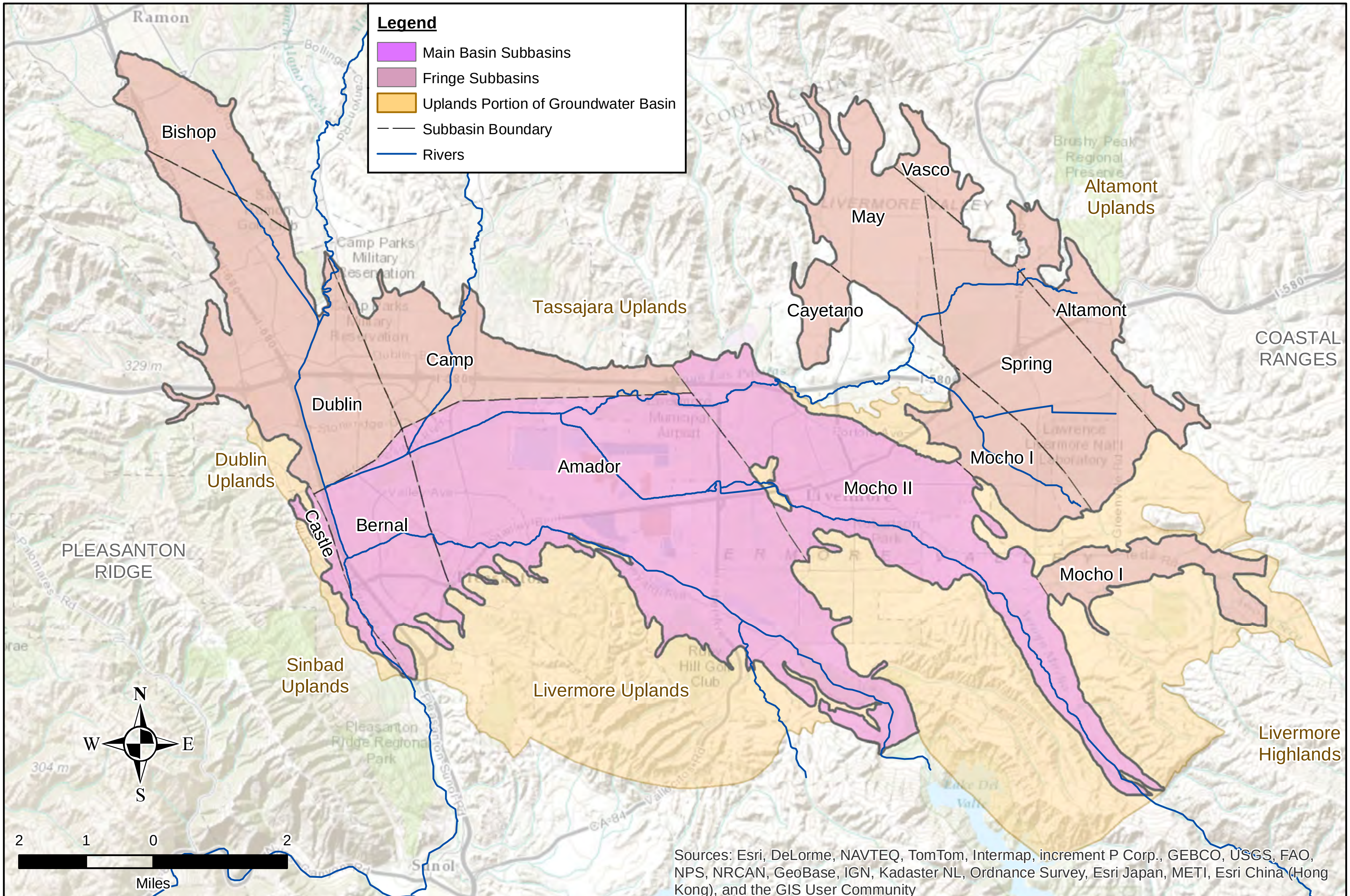
Projects – Zone 7 is continuing to make progress on a collaborative effort with Vulcan Materials Co. to capture the groundwater they pump from their quarry pits to de-water them for ease of gravel mining. For this project, Vulcan would pump the extracted groundwater into a Zone 7-owned lake within the future

Chain of Lakes, where it could be used to replenish Main Basin aquifers instead of being discharged to the arroyos and lost as basin outflow. A pipeline alignment has been identified and a design is being developed by Vulcan with input from Zone 7 staff.

Zone 7 is scheduled to complete an update to its 2004 SMP for the Livermore Valley Groundwater Basin in 2014. One purpose of the update is to add nutrient management considerations and CEC monitoring requirements to Zone 7's SMP to make it compliant with the State's 2009 Recycled Water Policy requirements for Salt/Nutrient Management Plans (SNMPs) (State Water Board, Resolution No. 2009-0011). The updated SMP will also assess the potential impacts of the water supply "portfolios" outlined in the Zone 7's Water Systems Evaluation (Zone 7, 2011c) including salt loading impacts associated with increased recycled water use over the Main Basin, and evaluate the success of Zone 7's demineralization plant to mitigate the basin's net salt loading.

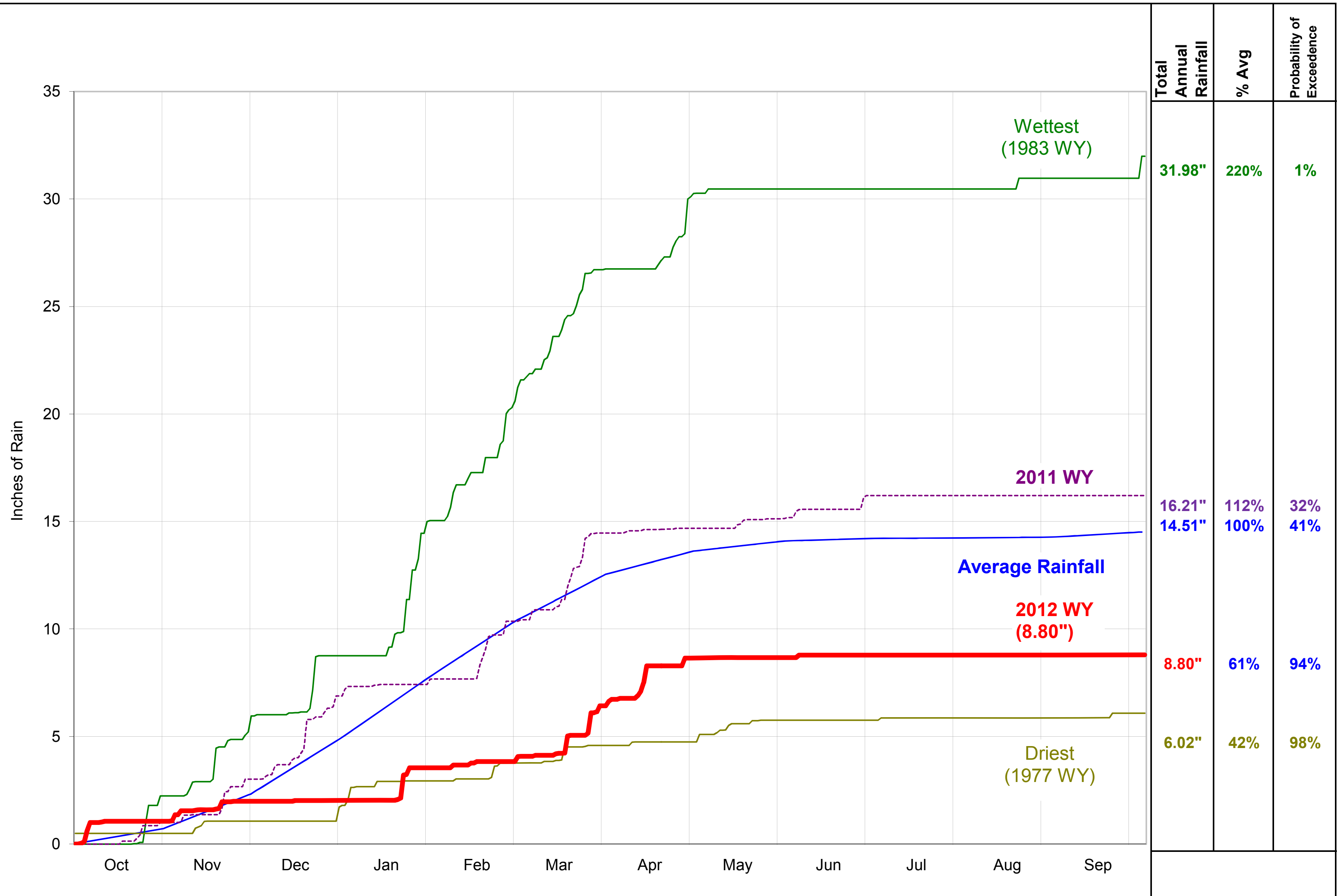
Attached Figures

This Page Intentionally Left Blank



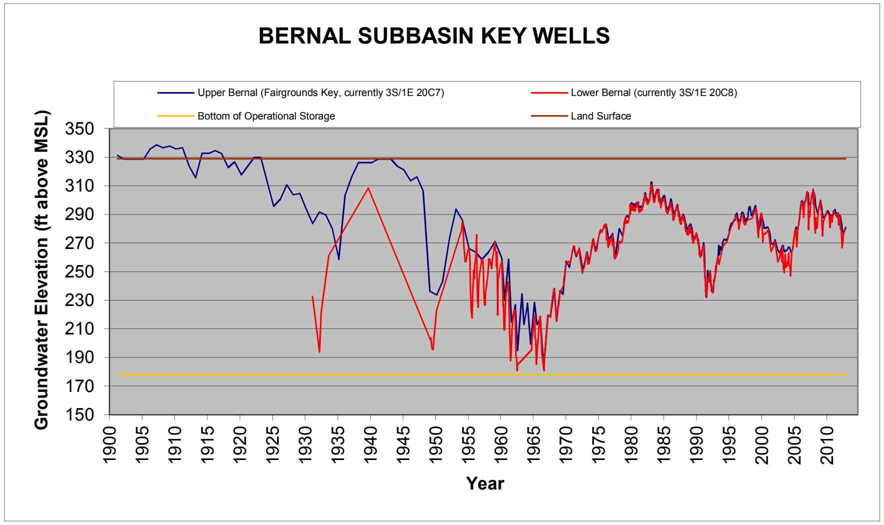
	ZONE 7 WATER AGENCY 100 North Canyons Parkway, Livermore, CA	DRAWN: TR	**GROUNDWATER BASIN MAP**	Scale: 1 in = 2 mi
		REVIEWED: TR		Date: March 29, 2013
		File: P:\GWS\GWMP\2012AnnRpt\Figures\Fig2.2-1-BasinMap.mxd		FIGURE ES-1

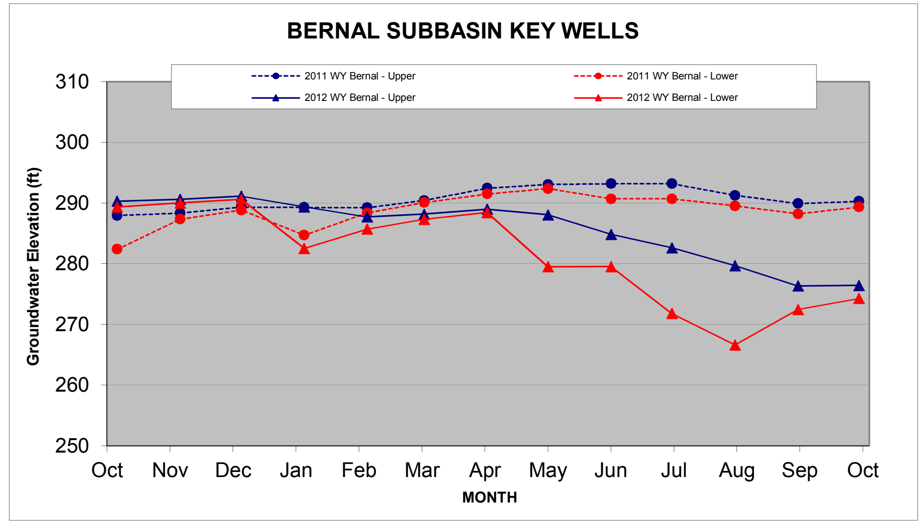
FIGURE ES-2
ZONE 7 WATER AGENCY
GRAPH OF LIVERMORE RAINFALL (Station 15E NOAA)
2012 WATER YEAR

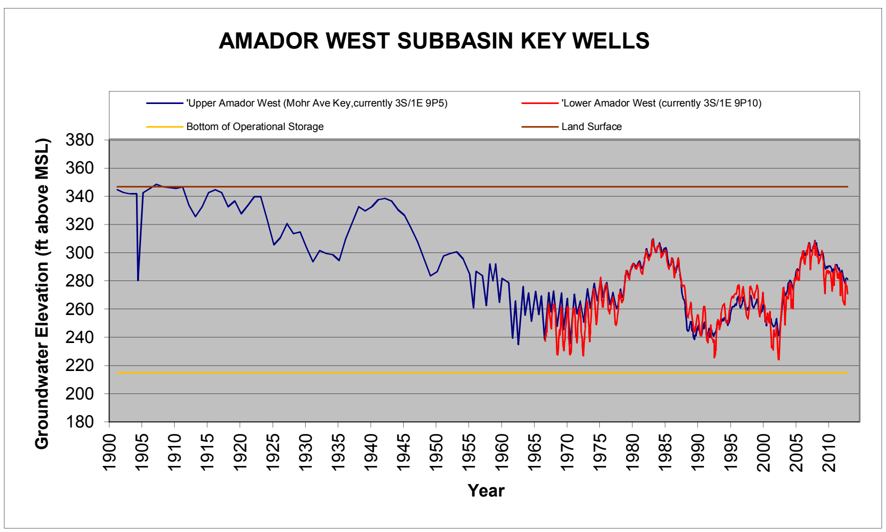


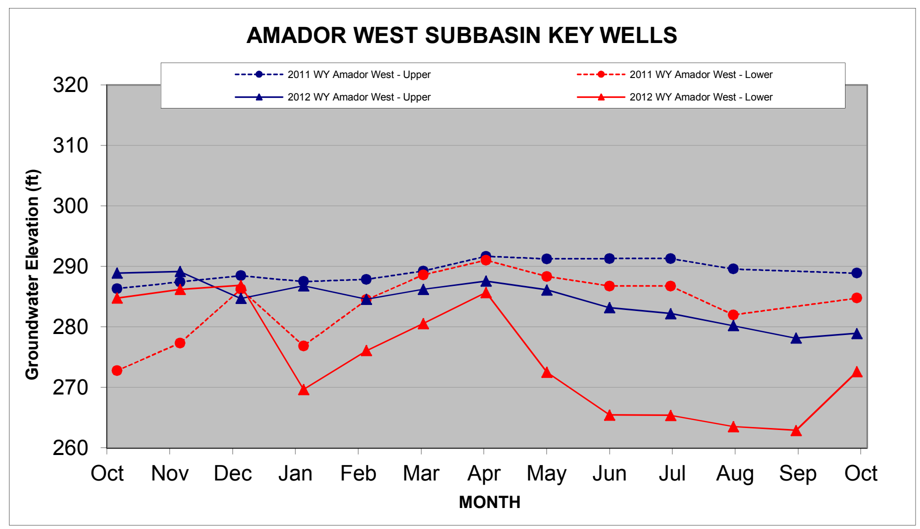
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Monthly (inches)	1.06	0.93	0.04	1.52	0.29	2.80	2.01	0.02	0.12	0.00	0.00	0.01
% Monthly Average	149%	57%	2%	52%	12%	128%	186%	4%	100%	0%	0%	4%
YTD (inches)	1.06	1.99	2.03	3.55	3.84	6.64	8.65	8.67	8.79	8.79	8.79	8.80
% Average YTD	149%	85%	41%	45%	37%	51%	63%	62%	62%	62%	62%	61%
% Annual Average	7%	14%	14%	24%	26%	46%	59%	59%	60%	60%	60%	60%

FIGURE ES-3
KEY WELL HYDROGRAPHS
WESTERN PORTION OF MAIN BASIN
2012 WATER YEAR



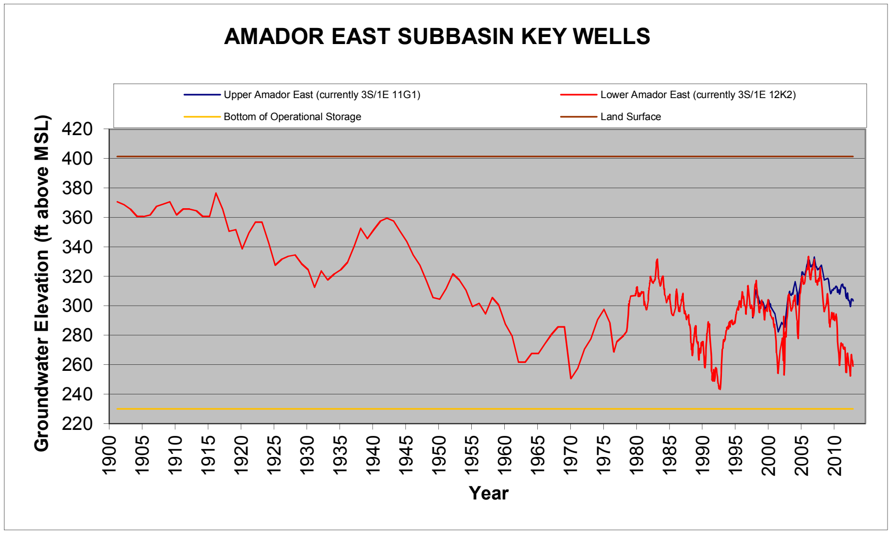


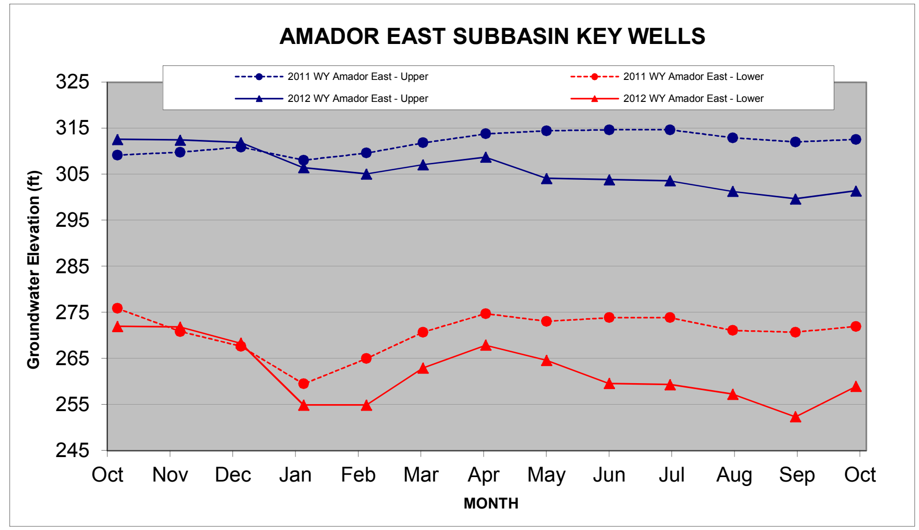


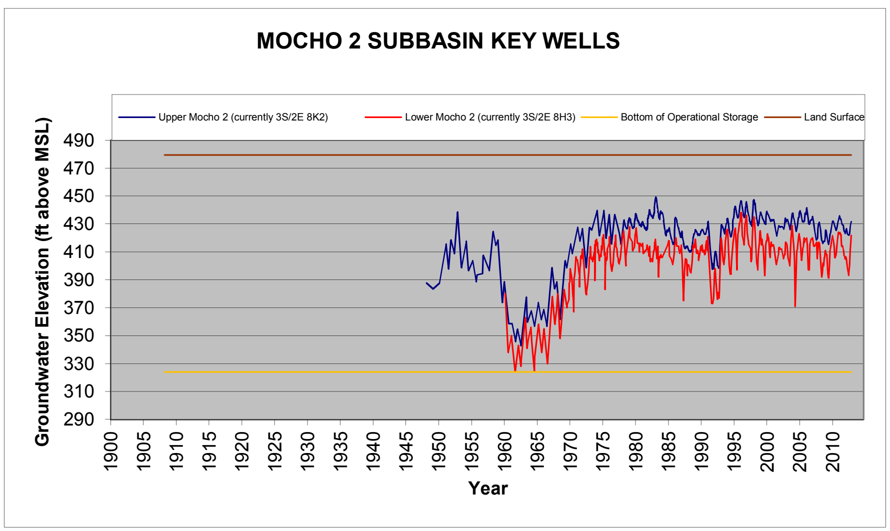


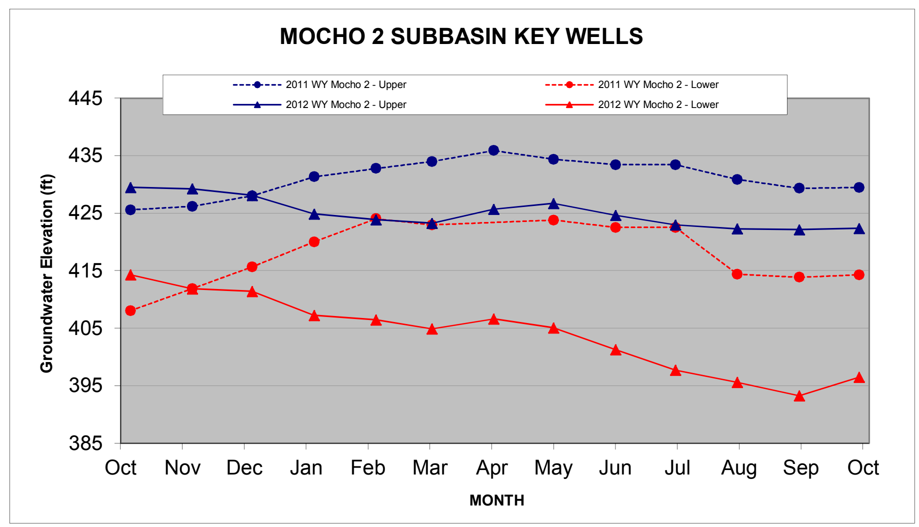
E:\MONITOR\GM\2012WY\KeyWells12.xls
3/29/2013

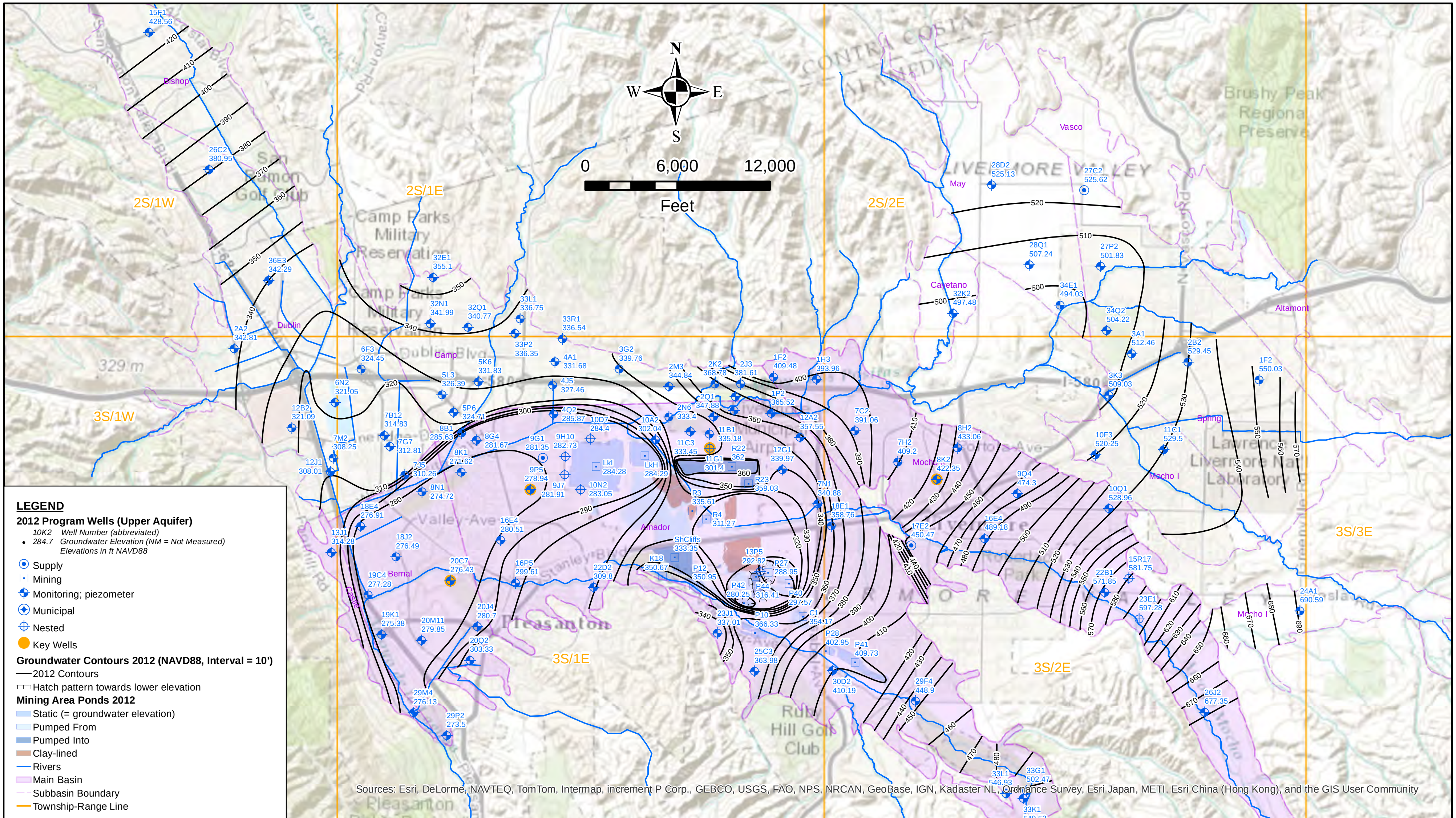
FIGURE ES-4
KEY WELL HYDROGRAPHS
EASTERN PORTION OF MAIN BASIN
2012 WATER YEAR







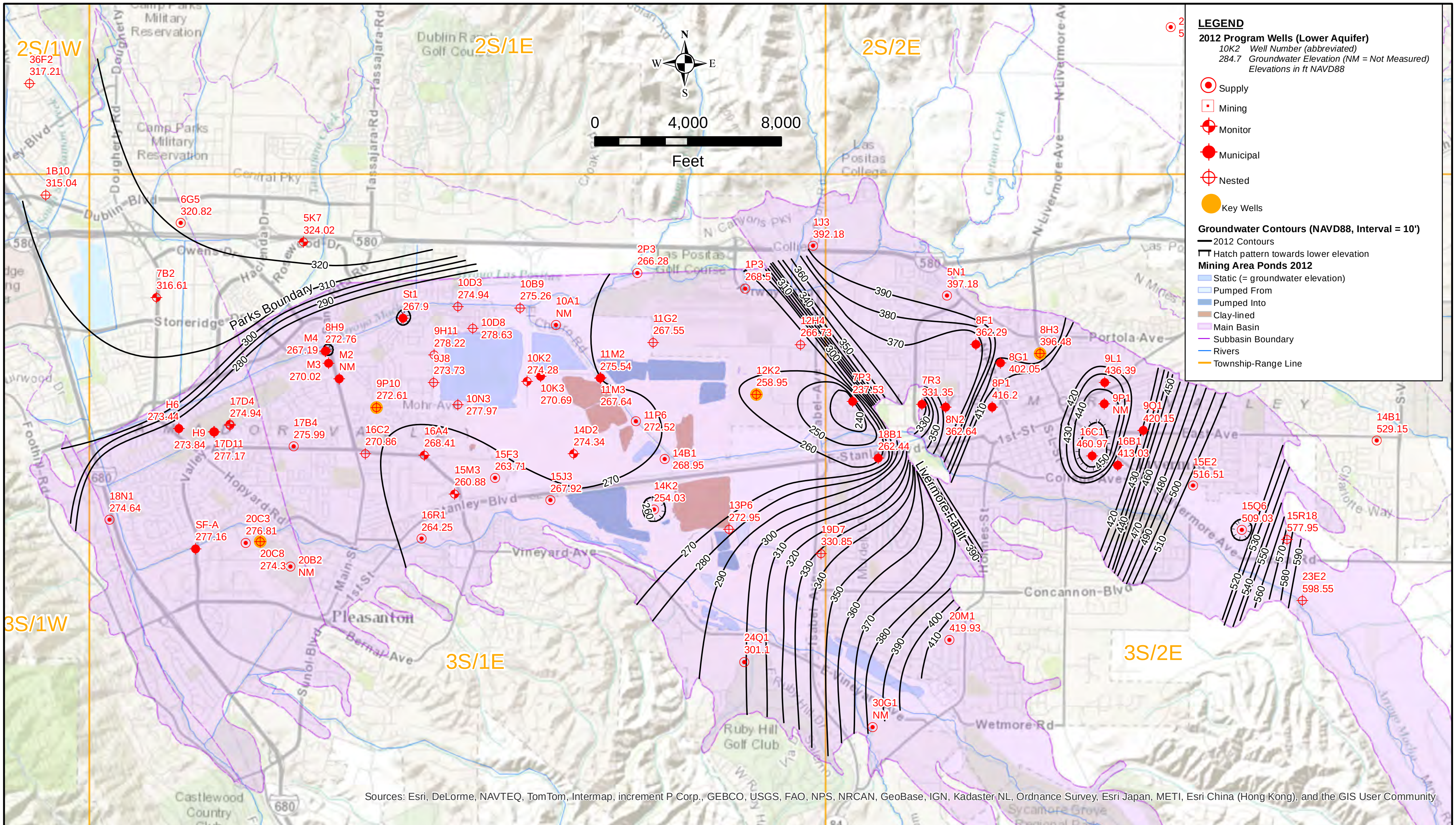




ZONE 7 WATER AGENCY
100 North Canyons Parkway
Livermore, CA

DRAWN: TR	SCALE: 1 in = 9,078 ft
REVIEWED: MK	DATE: Mar 28, 2013
FILE: E:\MONITOR\GM\2012wy\Annual\Fig3.2-06-SAFallUpper2012.mxd	

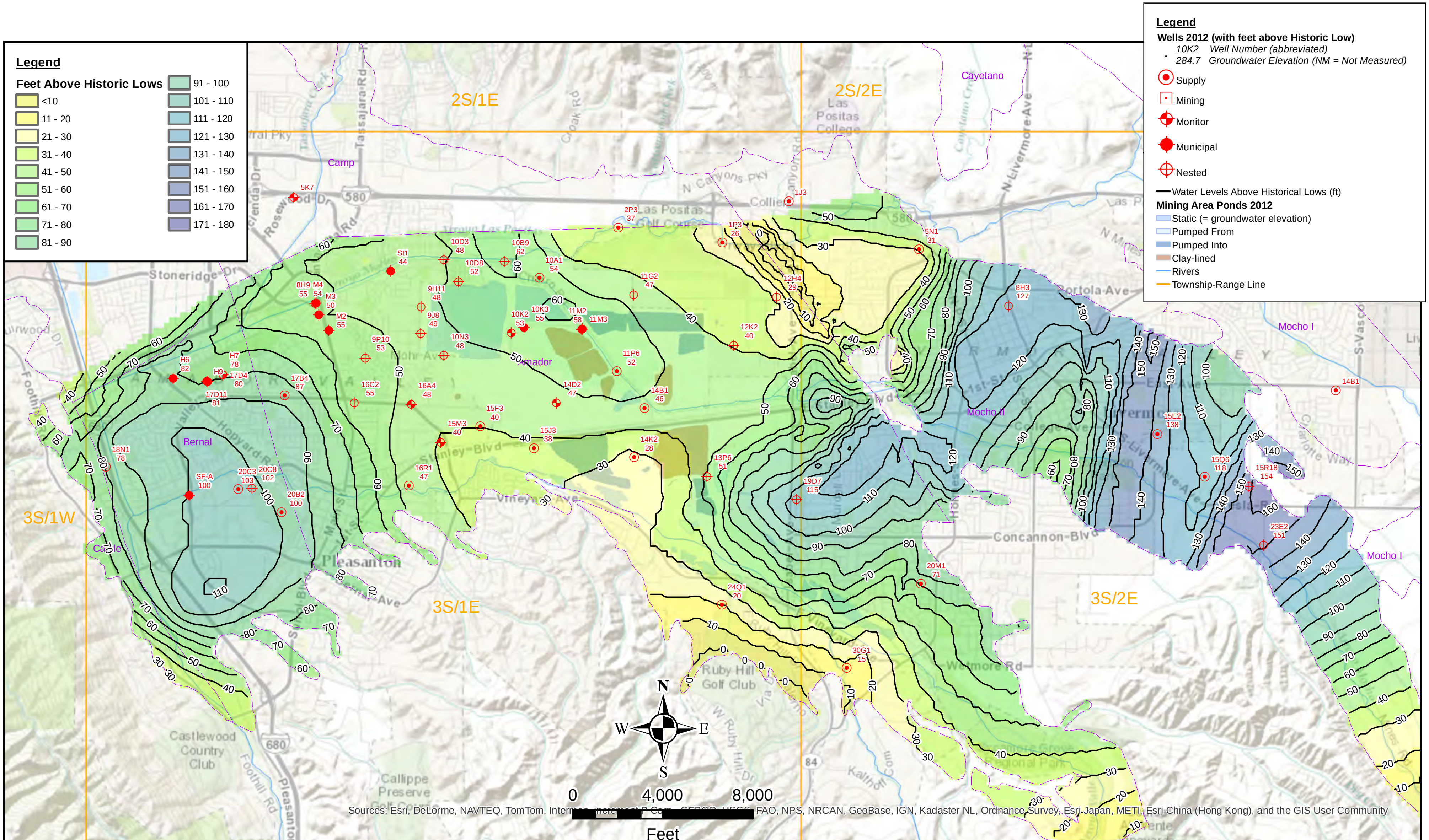
Figure ES-5
Groundwater Gradient Map
Upper Aquifer; Fall 2012 (September)
Livermore Valley Groundwater Basin



ZONE 7 WATER AGENCY
100 North Canyons Parkway
Livermore, CA

DRAWN: TR	SCALE: 1 in = 6,000 ft
REVIEWED: MK	DATE: Mar 28, 2013
FILE: E:\MONITOR\GM\2012wy\Annual\Fig3.2-08-SAFallLower2012.mxd	

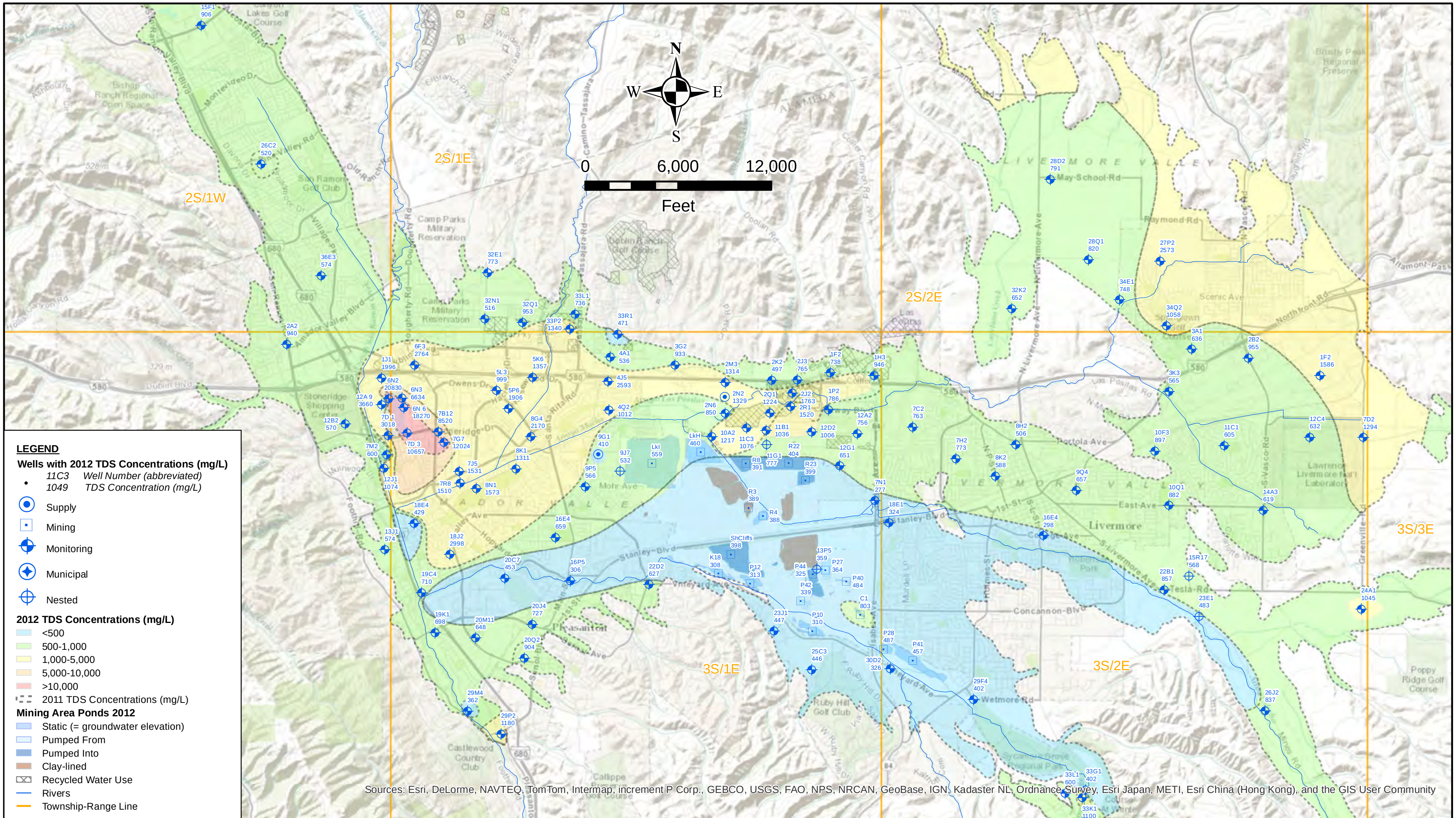
Figure ES-6
Groundwater Gradient Map
Lower Aquifer; Fall 2012 (October)
Livermore Valley Groundwater Basin



ZONE 7 WATER AGENCY
100 North Canyons Parkway
Livermore, CA

DRAWN: TR/CW	SCALE: 1 in = 6,052 ft
REVIEWED: TR	DATE: Mar 26, 2013
File: E:\MONITOR\GM\2012WY\AnnualReport2012\Fig3.2-10-AboveHL12.mxd	

Figure ES-7
Groundwater Levels Above Historical Lows
Lower Aquifer; Fall 2012 (September)
Western Livermore Valley Groundwater Basin

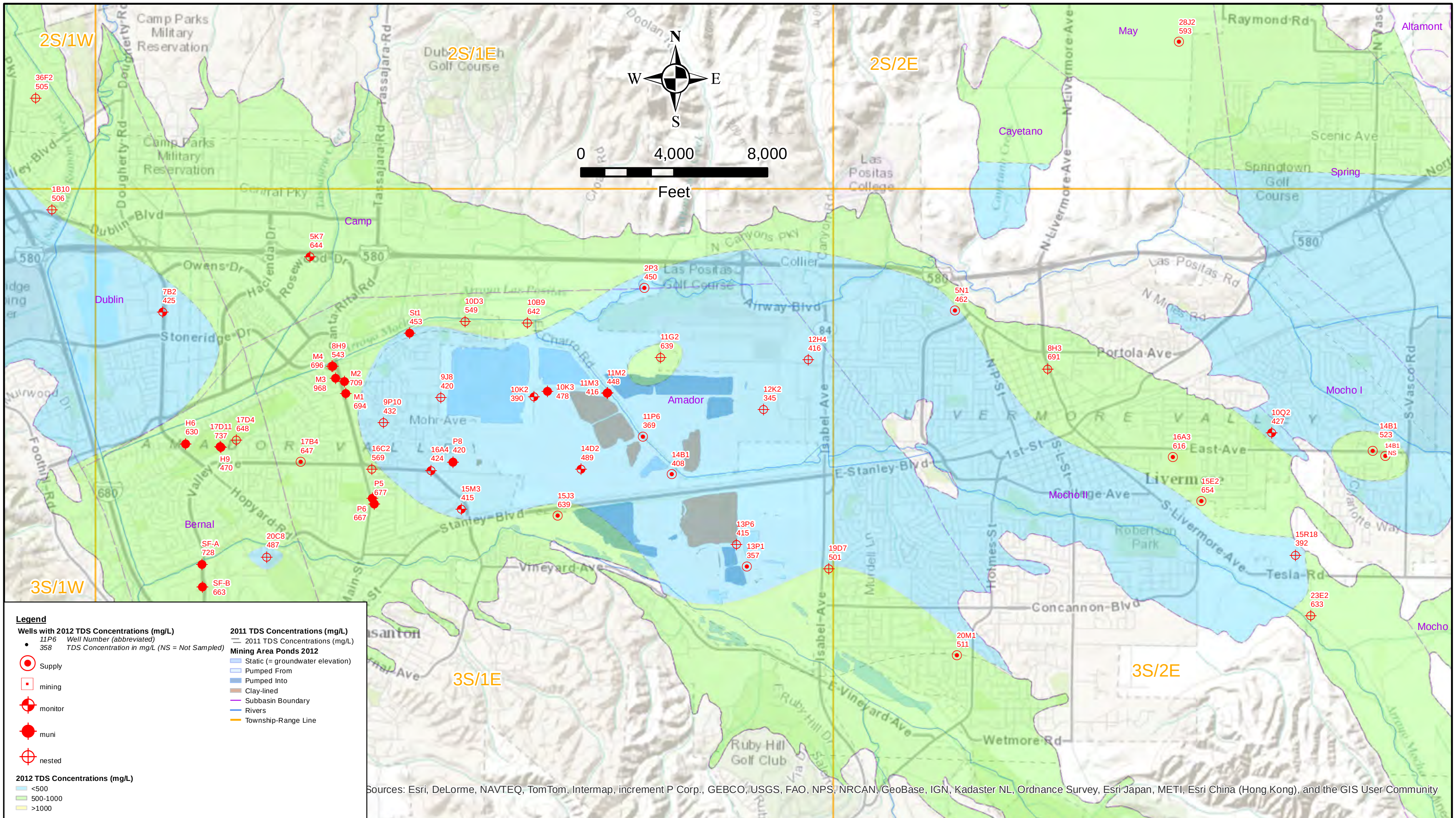


ZONE 7 WATER AGENCY
100 North Canyons Parkway
Livermore, CA

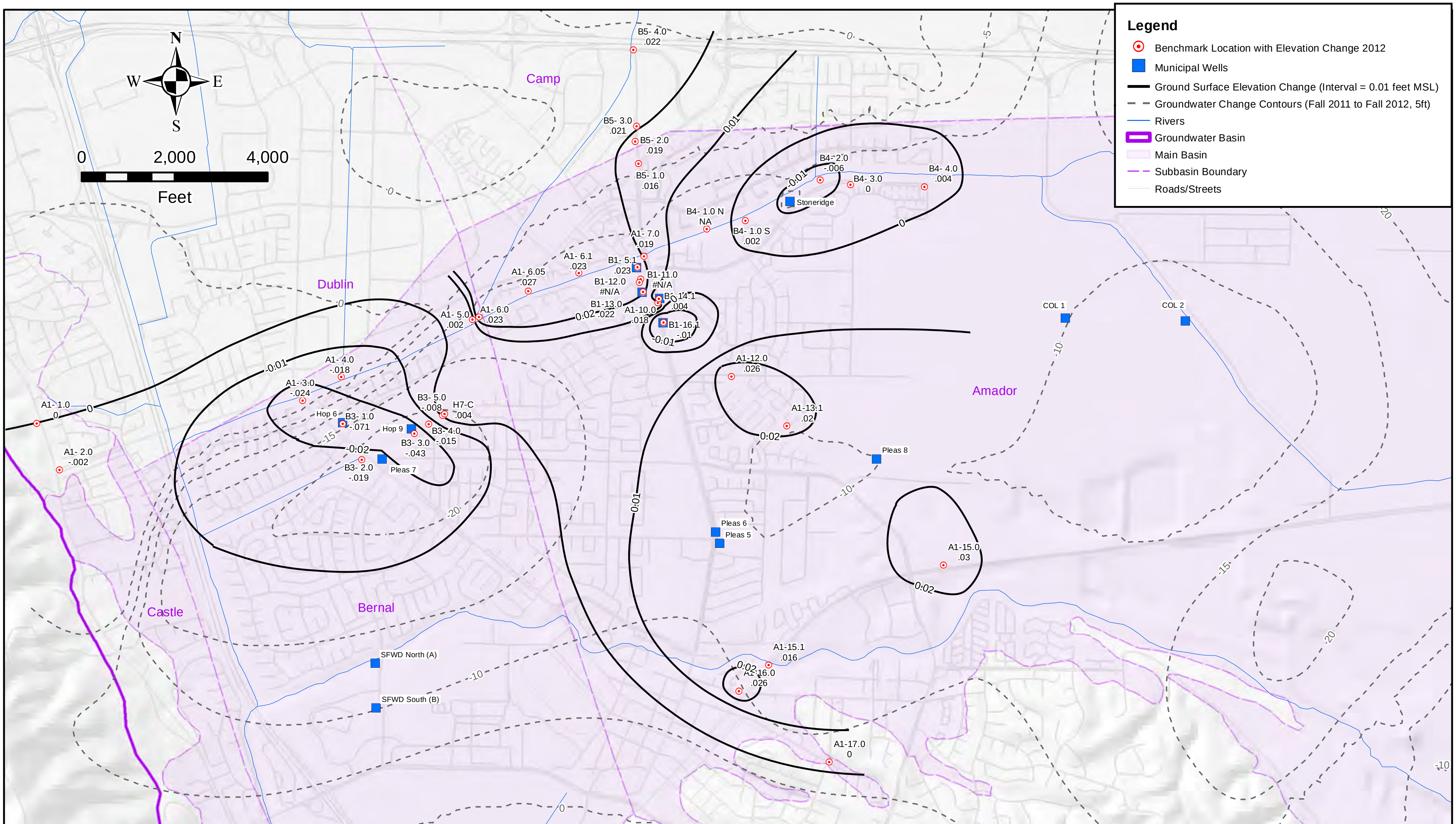
DRAWN: TR	SCALE: 1 in = 9,000 ft
REVIEWED: CW	DATE: Mar 29, 2013

File: P:\GWS\Programs\GWMP\2012AnnRpt\Figures\FigES-08-TDSUpper12.mxd

Figure ES-8
TDS Concentrations (mg/L)
Upper Aquifer; 2012 Water Year
Livermore Valley Groundwater Basin



ZONE 7 WATER AGENCY 100 North Canyons Parkway Livermore, CA	DRAWN: TR	SCALE: 1 in = 6,000 ft	**Figure ES-9** **TDS Concentrations (mg/L)** **Lower Aquifer; 2012 Water Year** **Livermore Valley Groundwater Basin**
	REVIEWED: TR/CW	DATE: Mar 26, 2013	
	File: P:\GWS\Programs\GWMP\2012AnnRpt\Figures\FigES-09-TDSLower12.mxd		



ZONE 7 WATER AGENCY 100 North Canyons Parkway Livermore, CA	DRAWN: CW	SCALE: 1 in = 3,000 ft	**Figure ES-10** **Ground Surface Elevation Change (ft)** **Fall 2011 to Fall 2012** **Livermore Valley Groundwater Basin**
	REVIEWED: MK	DATE: March 12, 2013	
	File: P:\GWS\Programs\GWMP\2012AnnRpt\Figures\FigES-10-EMFall11toFall12.mxd		

FIGURE ES-11
GRAPHS OF HISTORICAL MAIN BASIN HYDROLOGIC INVENTORY
1974 TO 2012 WATER YEARS

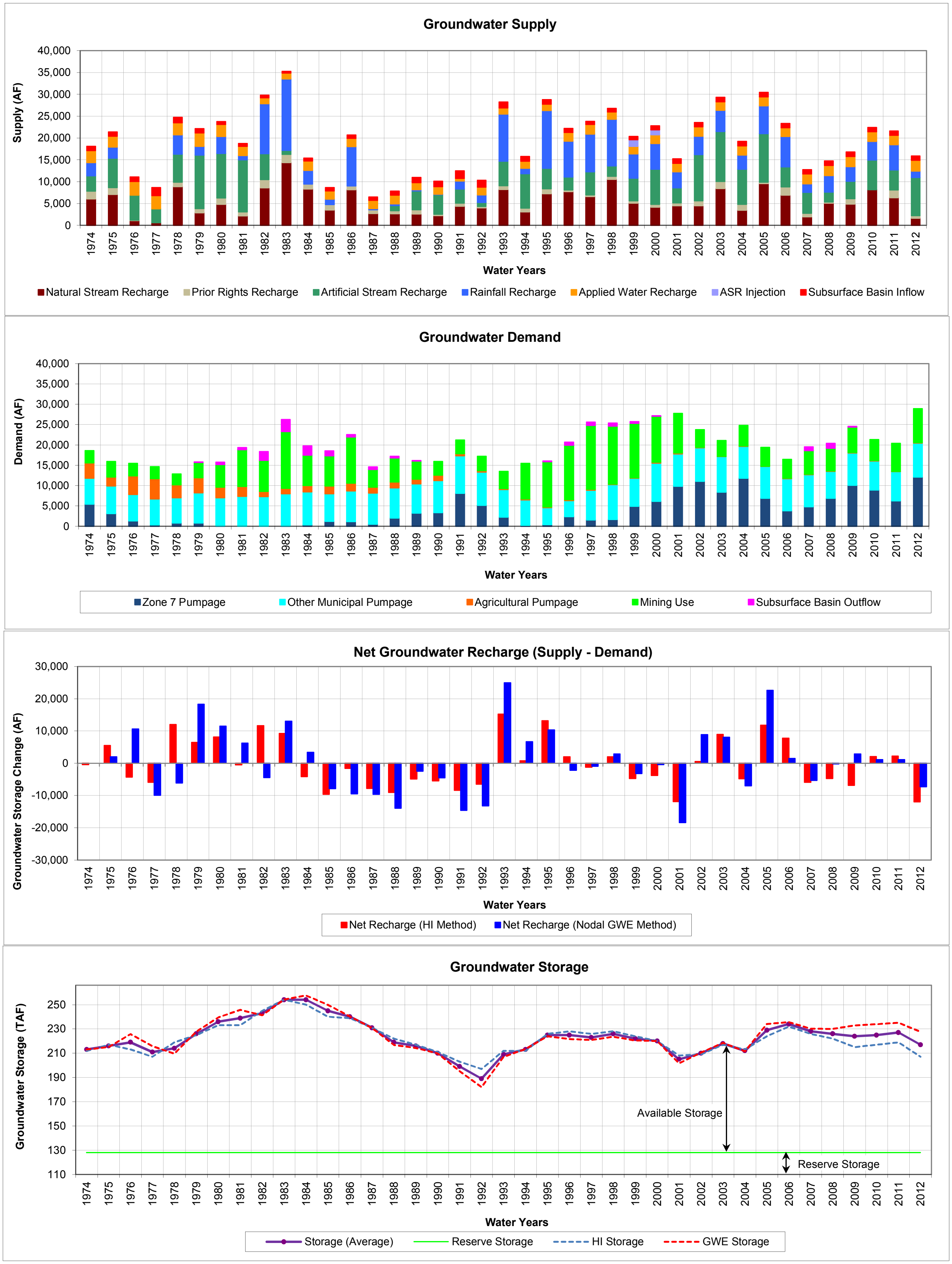
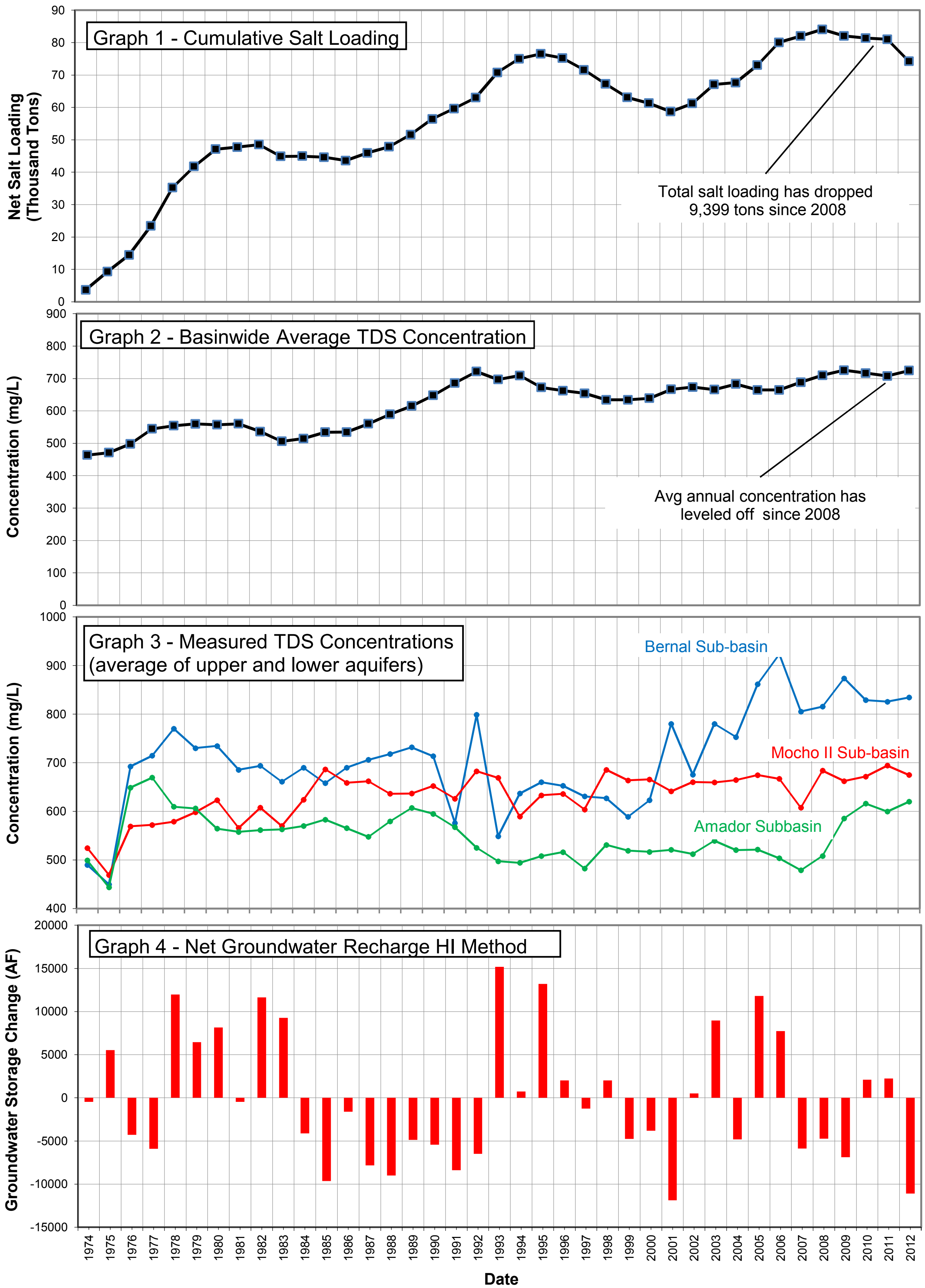


FIGURE ES-12
GRAPHS OF SALT LOADING AND CONCENTRATIONS
1974 TO 2012 WATER YEARS



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: WATER QUALITY
CONTACT PERSON: GURPAL DEOL/BRIAN KEIL

AGENDA DATE: May 15, 2013 ITEM NO. **14h**

SUBJECT: Water Quality Management Program 2012 Water Quality Report

SUMMARY:

- The attached Water Quality Management Program 2012 Water Quality Report summarizes water quality data from 2012.
- In 2012, Zone 7 met all primary health-related drinking water targets in the water it provided to its retailers, except for a single treatment technique violation for inadequate disinfection for 24 minutes at the Patterson Pass Water Treatment Plant on December 27th, 2012.
- Some secondary (non health-related, often called aesthetic) and operational targets were not met consistently.
- Water delivered to untreated water customers met all non-potable water quality targets.
- Operation of the Mocho Groundwater Demineralization Plant resulted in a reduction of TDS and Hardness in customer turnouts that receive water from the Demineralization Plant.

FUNDING:

This program is funded from Fund 52 - Water Enterprise and Fund 73 - Expansion.

RECOMMENDED ACTION:

Information only.

ATTACHMENT:

2012 Water Quality Management Program Annual Report.

WATER QUALITY MANAGEMENT PROGRAM

2012 WATER QUALITY REPORT

This annual status report evaluates whether Zone 7 Water Agency is meeting the water quality targets established by its Water Quality Management Program (WQMP). The WQMP provides the basis for identifying ways to meet anticipated future regulations, reduce public health risks, and improve the delivered water quality - especially its taste, odor, and hardness, by effectively managing water quality issues, guiding operations, upgrading or improving facilities, and providing new facilities when necessary.

WQMP WATER QUALITY TARGETS are internal goals that Zone 7 applies to specific constituents that affect potable and non-potable water quality. The majority of these targets are significantly more stringent than existing regulations. Some of these constituents have been identified as "key parameters of concern" based upon the concerns expressed by our customers, the levels found in our local drinking water supplies, and anticipated changes in regulations.

ARE WE MEETING WQMP WATER QUALITY TARGETS? In 2012, Zone 7 met all of its primary drinking water standards, except a single treatment technique violation for inadequate disinfection for 24 minutes at the Patterson Pass water treatment plant (WTP) on December 27th, 2012. It is important to note that disinfection compliance is monitored continuously while the WTP is operating. All non-potable water quality targets were met. Some of the water quality targets for drinking water were not met consistently, including those for drinking water hardness, chloride, and free ammonia. Zone 7 continued to work on and support operational and planning activities that help meet our water quality targets and ensure that the service area has a reliable water supply. In addition to ongoing internal agency planning, we also work closely with various organizations to protect source water locally and at the state level. Zone 7 currently applies powdered activated carbon (PAC) seasonally at Del Valle and Patterson Pass WTPs to assist in reducing levels of odor-causing compounds and operates the Mocho Groundwater Demineralization Plant to remove salt and minerals from the groundwater basin while improving delivered water quality. Two significant future water quality improvement projects are identified in Zone 7's Capital Improvement Program (CIP). Ozone Facilities at Del Valle and Patterson Pass WTPs have a target completion of June 2023, subject to funding availability; and future phases of demineralization will be further evaluated during the ongoing update of the Salt Management Plan as well as in consultation with Zone 7's customers.

DEFINITIONS

***Maximum Contaminant Level (MCL)**: The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (Public Health Goals) or MCLGs (Maximum Contaminant Level Goals) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.*

***Primary Drinking Water Standard (PDWS):** MCLs and MRDLs (Maximum Residual Disinfectant Levels) for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.*

Table 1. Status of Potable Water Quality Targets

Key Parameters of Concern	Water Quality Targets[1]	Target Currently Met	Requires Optimization	Requires Capital Investment	Supplemental Table/Figure
Appearance	Minimize air bubbles/cloudiness events[2]	✓			Table 2
Arsenic (µg/L)	<5	✓			Figure 1
Chloramines and Nitrification Prevention					
Total Disinfectant Residual (mg/L as Cl_2)	2.0 - 2.5 from water treatment plants (WTPs), wells will be operated to be as close to this target range as feasible	✓			Figure 6
Cl_2:NH_3-N	4:1 to 5:1	✓[3]			
Minimize odor	Chloraminate above pH 8.0 for WTPs	✓			
Free Ammonia Residual (mg/L as N)	<0.15 from WTPs; wells to be operated as close to this target as feasible	✓[4]			Figure 7
Nitrite (mg/L as N)	<0.02	NA[5]			
Consistency	Provide consistent chloramine residual at all wells and WTPs	✓			Figure 6
Chloride (mg/L)	<100	✓[6]			Figure 3
Chromium VI, Cr^{6+}(µg/L)	<20 (pending potential regulations)	✓			Figure 2
Cryptosporidium	4-log removal, including multi-barrier control	✓			
Disinfection By-Products (DBPs)					
Maximum leaving WTP	Total Trihalomethanes (TTHMs) <64 µg/L	✓[7]			Figure 8a
	Five Haloacetic acids (HAA5) <48 µg/L	✓[7]			Figure 8b
N-Nitrosodimethylamine (NDMA) (ng/L)	<10 (pending potential regulations)	✓[8]			
Hardness (mg/L as $CaCO_3$)	<150	✓[9]	✓	✓	Figure 5
pH (Units)	non-corrosive	✓			
	pH leaving WTP at +/- 0.2 units of target	✓			
Taste and Odor (earthy/musty)					
Odor Threshold Concentrations					
2-Methylisoborneol (MIB)	9 ng/L		✓	✓	
Geosmin	4 ng/L		✓	✓	
Events[2]	No events	✓	✓	✓	Table 2
Total Dissolved Solids (TDS) (mg/L)	<500	✓	✓	✓	Figure 4
Disinfectant Contact Time (CT)	TT (Treatment Technique) = CT Ratio ≥ 1.0	✓[10]			

[1] Targets are either at the secondary MCLs or 80% of the primary MCLs except for the key parameters of concern in the table above.

[2] An event is defined as when three or more similar complaints are received in a 7-day period.

[3] Ratio is adjusted to meet target free ammonia residual at WTPs.

[4] Averages met target at supply sources. Retailer turnout monitoring was discontinued in 2010 because online or more frequent free ammonia monitoring is conducted at supply sources. Changes in free ammonia should be minimal due to short residence time to turnouts from supply sources.

[5] Monitoring discontinued with Retailer consent in 2006 due to historical non-detect nitrite levels.

[6] Averages met target.

[7] Regulatory compliance data is collected within each Retailer's distribution system and is included in Figures 9a and 9b, respectively for TTHMs and HAA5.

[8] Treated water is monitored once a year for supplemental information. In 2012, the highest value was well below the water quality target of < 10 ng/L.

[9] Averages met target for CWS and City of Livermore

[10] Met target except for a 24 minute period on 12/27/2012 at Patterson Pass Water Treatment Plant.

Units: Milligrams per liter (mg/L): a unit expressing the concentration of chemical constituent in solution as weight (milligram) of solute per unit volume (liter) of water; equivalent to one part per million.

Micrograms per liter (µg/L): equivalent to one part per billion.

Nanograms per liter (ng/L): equivalent to one part per trillion.

Table 2. Retail Customer Water Quality Complaints Reported to Zone 7*

Parameter	Dublin San Ramon Services District (DSRSD)	City of Pleasanton	Cal Water Service Company - Livermore	City of Livermore	Totals
Chlorinous Odor	11	5	1		6
Earthy/Musty Taste & Odor	7	4		5	4
Colored/Murky	3			3	
Turbidity/Suspended Solids					
Salty Taste					
Hardness	3	6		2	6
Cloudy Water	11	1			1
Others	4		1		1

* The complaints reported to Zone 7 by the end of each month are those deemed to be directly related to the Zone 7 water supply. There were no taste & odor events in 2012.

Table 3. Status of Non-Potable Water Quality Targets

Key Parameters of Concern	Units	Maximum Applied Level/Targets	Average Targets	SBA**		
		Vineyards		Avg	Min	Max
Boron	mg/L	<1	<0.5	0.17	<0.10***	0.28
Chloride	mg/L	<200	<125	78	34	137
Emitter Clogging Potential	mEq/L as Ca+Mg****	3 to 4	3 to 4	2.1	1.3	3.1
Available Nitrogen from Nitrate	mg/L as N	-	<10 during summer	0.5	0.1	1.1
pH	---	-	<8.0	7.8	7.4	8.2
Sodium	mg/L	<200	<100	54	28	84
Total Dissolved Solids	mg/L	-	<650	269	158	360

** SBA data is an average of monthly untreated water samples taken from the Del Valle WTP and the Patterson Pass WTP.

*** Boron's minimum reporting limit (MRL) is 0.10 mg/L.

**** mg/L as Ca+Mg = milliequivalents per liter as calcium and magnesium.

Figure 1. Arsenic*,**

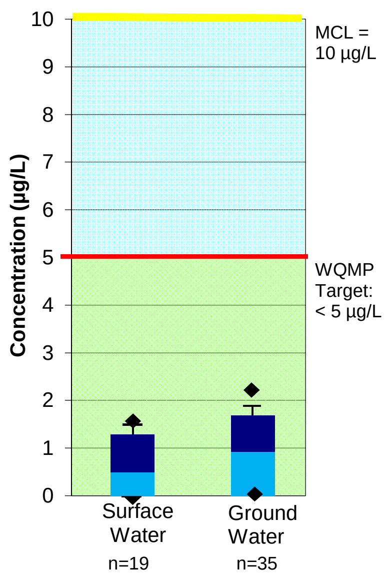


Figure 2. Total Chromium*, ,*****

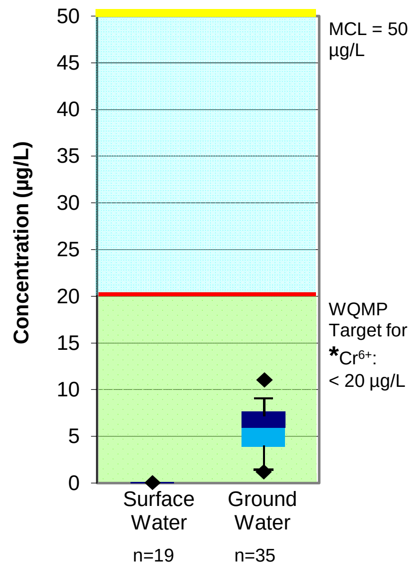


Figure 3. Chloride*

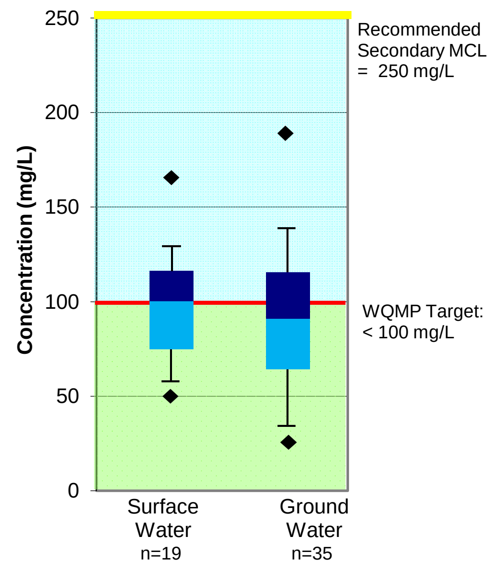


Figure 4. Total Dissolved Solids (TDS)**, *******
Retailer Turnout Samples

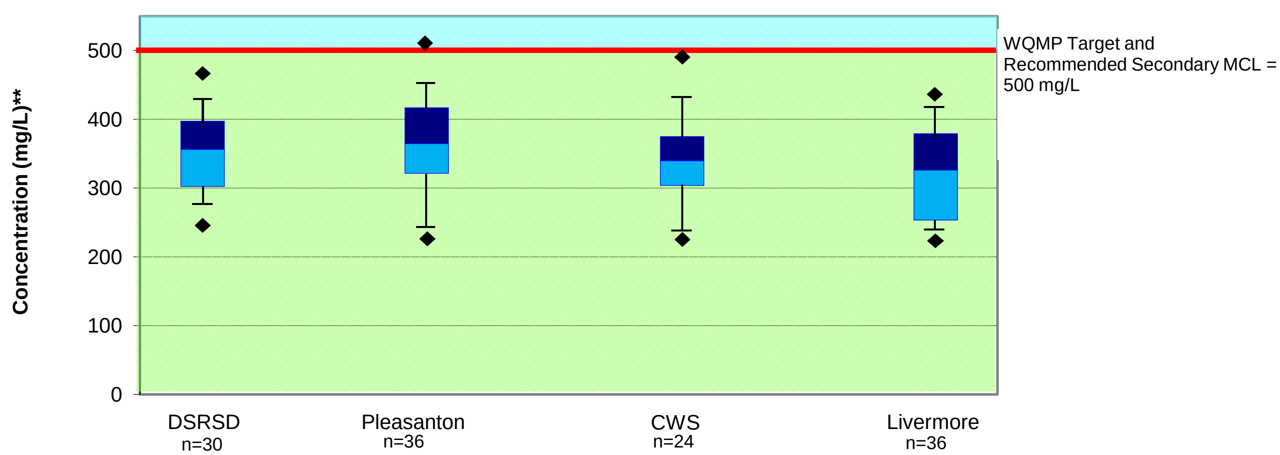
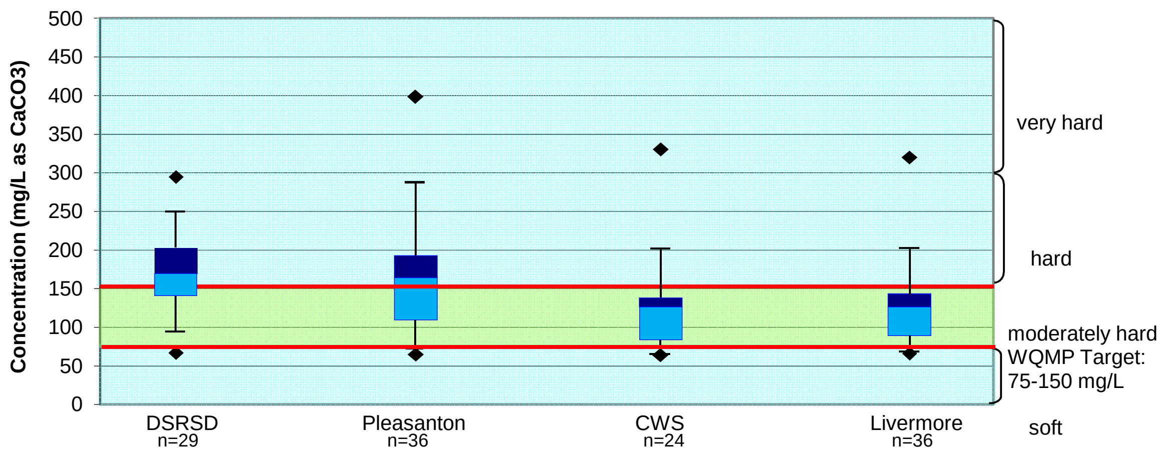


Figure 5. Total Hardness*****
Retailer Turnout Samples



*Ground Water data includes all supply wells.

** Values below the MRL (Minimum Reporting Limit) are treated as 0 for average calculation.

*** Most Chromium in Zone 7 groundwater is Cr^{6+}.

**** Monthly TDS values are estimated from an average of weekly electrical conductivity measurements.

*****DSRSD calculations include sampling data at the DSRSD Turnout #5 which began in August of 2012 for hardness and July of 2012 for TDS.

HOW TO READ WATER QUALITY TARGET GRAPHS

- Each bar on the chart represents the range of measurements for various constituents monitored during 2012.
- The junction of the light blue and dark blue bars represent the average values over the year. The span of the light and dark blue bars represents the 75th and 25th percentile values of the data set. The "error bars" represent the 90th and 10th percentile values, and the black diamonds represent the data set outliers.
- WQMP water quality targets or ranges are highlighted in green, with the red line indicating the maximum and/or minimum value.
- Any applicable Maximum Contaminant Level (MCL) set by state and federal water quality regulations are highlighted by the yellow bar at the top of each chart.
- “n” represents the number of samples analyzed.

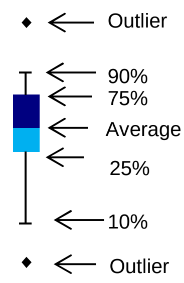


Figure 6. Total Residual Chlorine*
Production Facility Effluent Samples

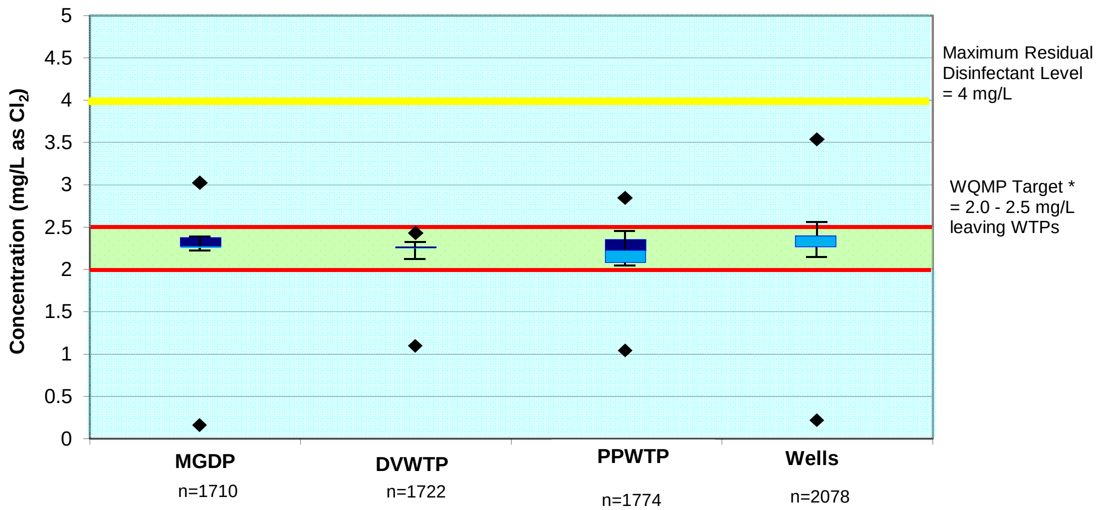
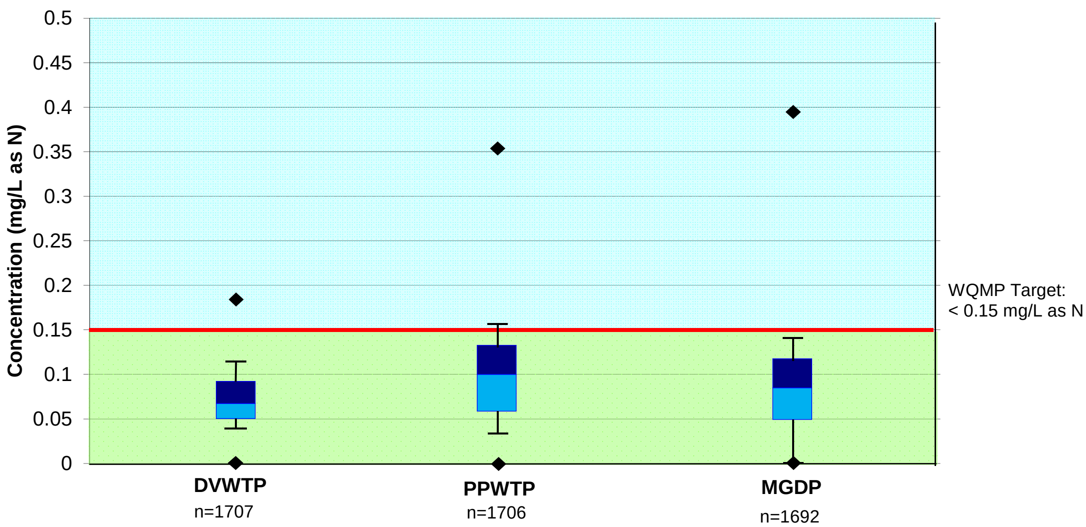


Figure 7. Free Ammonia*,,*****
Production Facility Effluent Samples



*Data is based on every 4-hour online values.

**The high free ammonia value at MGDP was due to a momemtary spike at plant startup. The high free ammonia value at PPWTP was due to an ammonia overfeed.

***Due to intermitent operations, the wells lack reliable free ammonia monitoring data.

Figure 8a. Total Trihalomethanes (TTHMs)*,,*** Production Facility Effluent Samples**

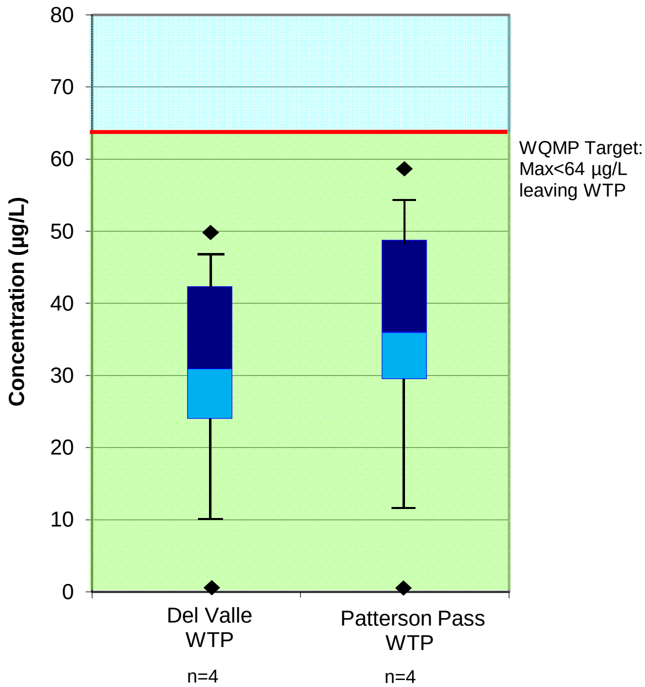


Figure 8b. Five Haloacetic Acids (HAA5)* Production Facility Effluent Samples

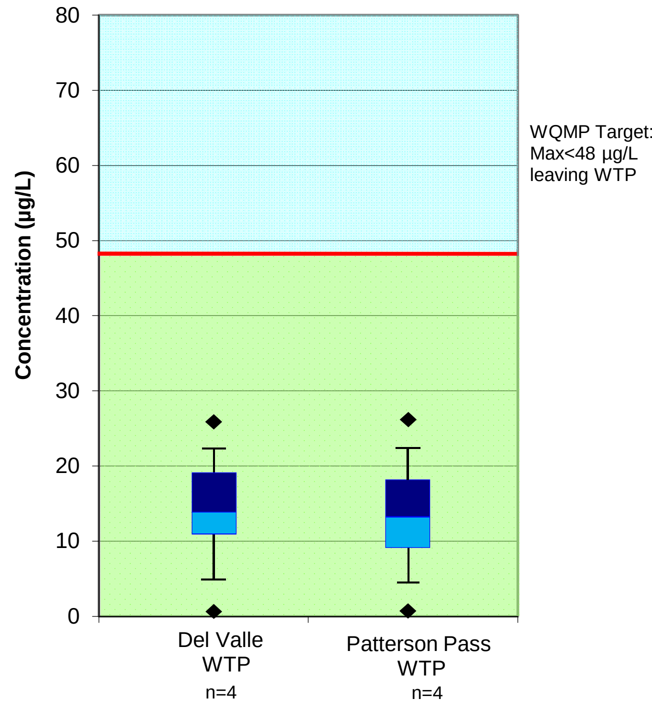


Figure 9a. Retailer Distribution System Quarterly Running Annual Averages for Total Trihalomethanes (TTHMs)**

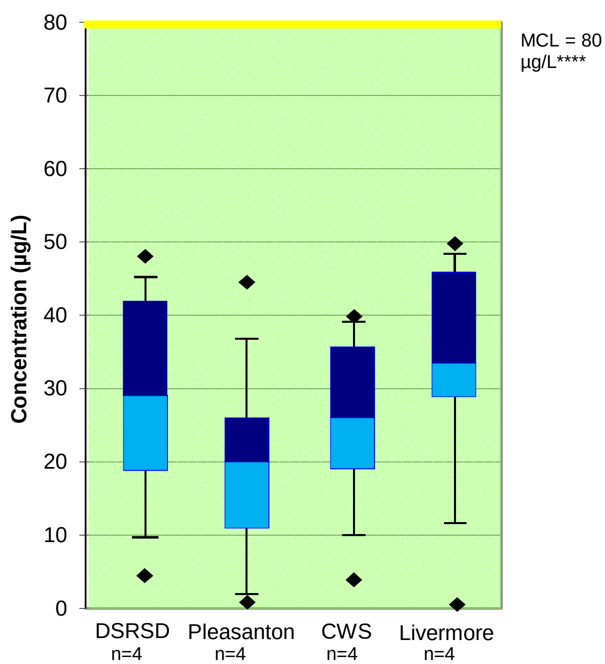
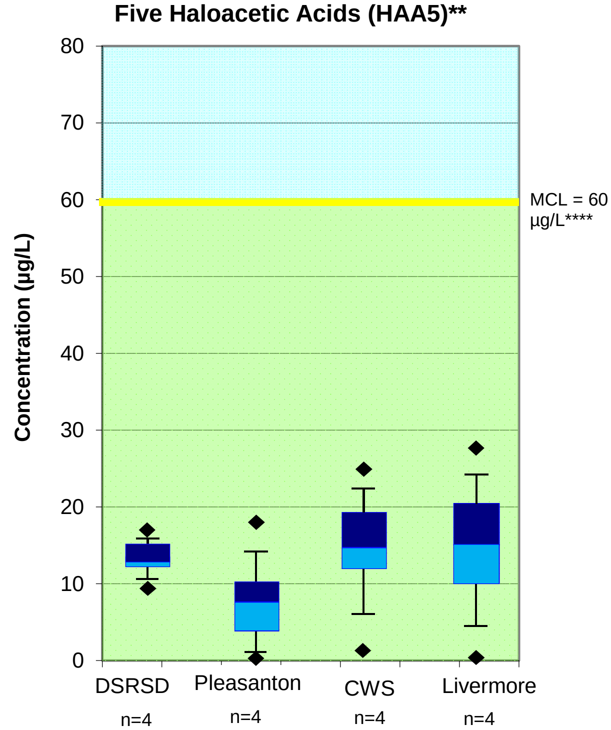


Figure 9b. Retailer Distribution System Quarterly Running Annual Averages for Five Haloacetic Acids (HAA5)**



* There is no MCL for TTHMs/HAA5 leaving WTP.

** Values below the DLR (Detection Limit for Reporting Purposes) are treated as 0 for average calculation.

*** Values below the DLR were taken when the WTP was not in operation and reflect well water from the distribution system.

**** Retailer MCL compliance for TTHMs/HAA5 is determined by system-wide RAA (Running Annual Average) of quarterly samples. During the last quarter of 2012 all retailers implemented Stage 2 TTHMs/HAA5 monitoring program. Compliance will be based upon locational RAA of quarterly samples.