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 20, 2015**

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 Acting Zone 7 Board Secretary, Donna Fabian, at (925) 454-5007 or fax (925) 454-5724. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

AGENDA

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 15, 2015

5. Consent Calendar: None

6. Employee Updates

   a. March Employee of the Month Recognition
   b. Recent Employee Activities

7. Presentations by Science and Engineering Fair Awardees

   Recommended Action: Information only.

8. Lake Del Valle Property Grazing Lease

   Recommended Action: Adopt Resolution.

9. Consider Action to Increase the Compensation of Zone 7 Board Members

   Recommended Action: Vote on Draft Ordinance.

10. Proposed FY 2015/16 Budget

    Recommended Action: Adopt Resolution.

11. Committees - Finance Committee Meeting - April 23, 2015 - notes
Liaison Committee Meeting - April 27, 2015 - notes
Finance Committee Meeting - May 7, 2015 - notes
Water Policy Roundtable #4 - May 13, 2015 - notes pending

12. Reports - Directors

    a. Verbal comments by President
    b. Written report by Director Quigley
    c. Verbal reports

13. Items for Future Agenda - Directors

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

    a. General Manager's Report
    b. Monthly Budget Report
    c. Legislative Update
    d. Outreach Activities
    e. Drought Update
    f. Flood Protection Program 2014 Annual Report
    g. Verbal Reports

15. CLOSED SESSION

    (a) Conference with Legal Counsel - Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 3 cases

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

    (c) Conference with Legal Counsel - Existing litigation pursuant to Gov't Code Section 54956.9(d) (1): Alameda County Flood Control and Water Conservation District, Zone 7 v. Pleasanton Gravel Co., Alameda County Case No. HG14724177

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

16. Open Session and Report Out of Closed Session

17. Adjournment

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

    a) Special Board Meeting (if needed): June 3, 2015
    b) Administrative Committee Meeting: June 4, 2015, 10:00 a.m.
    c) Water Resources Committee Meeting: June 9, 2015, 4:00 p.m.
    d) Regular Board Meeting: June 17, 2015, 7:00 p.m.

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

REGULAR MEETING

April 15, 2015

The following were present:

DIRECTORS:	SANDY FIGUERS JOHN GRECI JIM MCGRAIL SARAH PALMER DICK QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	NONE
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING BRAD LEDESMA, ASSOCIATE CIVIL ENGINEER, INTEGRATED PLANNING DONNA FABIAN, ACTING BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

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

Item 2 - Pledge of Allegiance

Item 3 - Citizens Forum

Dave Lunn, Livermore, spoke on the Nutrient Management Plan (NMP). Mr. Lunn said he believes the community would appreciate and understand a better technical solution to the groundwater basin management. He said that scientists at the Lawrence Livermore National Lab completed a multi-tracer study in 2006 and it concluded that septic sources are minor and that septic tanks are not the biggest source of nitrates in the Buena Vista area. Mr. Lunn said the Board should consider directing staff to quantify the magnitude of the water quality improvement.

Alfred Exner, Pleasanton, talked about the City of Pleasanton's East Pleasanton Specific Plan. He said there are a number of options for the east side including extending El Charro through the Chain of Lakes and he would like the Board to consider asking the City to route it around the Chain of Lakes or not to extend El Charro at all. He also stated that about 400 acres of development are proposed and would the Board consider mitigation for contaminants that might get into Cope Lake.

Cathy Brown, Pleasanton, stated that she and some of her neighbors would like to engage with Zone 7 regarding the Groundwater Management Plan and their concerns on the water pumping at the Mocho Wellfield and the land subsidence in their neighborhood.

Lynn Dunn, Pleasanton, would like the subsidence issue to be addressed by Zone 7 and hopes the Board was given a copy of the letter sent by Cathy Brown. She stated she has experienced great expense in repairs to her home when water started being pumped out of the area. Ms. Dunn asked what the neighborhood needs to do to get the issue addressed. General Counsel David Aladjem stated that the proper procedure is to file a claim for alleged damage with the County of Alameda. Director Ramirez Holmes requested a copy of the letter from Ms. Brown.

Item 4 - Minutes of the Regular Meeting of February 18, 2015

Director Ramirez Holmes stated that on page 3, item 5d, she would like it to read, "Director Ramirez Holmes agreed that they are not binding and subjective. She said the Board Policy of Conducting Business, Section II already empowers the Board President and states a remedy for a violation of ethics policy."

Director Palmer wanted to add on page 4 after paragraph 2 that Stonybrook Creek is not part of our main watershed but is a small tributary that empties into the Alameda Creek in Niles Canyon.

Director Quigley moved to approve the minutes with the proposed changes and Director Palmer seconded the motion. The minutes were approved by a voice vote of 7-0.

Item 5 - Minutes of the Regular Meeting of March 18, 2015

Director Ramirez Holmes stated that she submitted a proposed change that was reflected in the redline version that was handed out. Director Palmer wanted to add the word "what" to the 7th paragraph on page 5 to read "Director Palmer stated that she understands *what* the traffic and zoning of the land use issues should be, and that the Board needs to follow the decision tree that has already been put in place."

Director Palmer moved to approve the minutes with the proposed changes and Director Quigley seconded the motion. The minutes were approved by a voice vote of 7-0.

Item 6 - Consent Calendar

Director Stevens moved to approve Items 6(a), 6(b) and 6(c) and Director Quigley seconded the motion. The items were passed by a 7-0 vote.

Item 6(a) Award and Approval of External Auditor Services Agreement

Resolution No. 15-58 Authorizing an agreement with Maze & Associates. (Item 6a)

Item 6(b) Item to be Removed from Alameda County and Zone 7 Fixed Asset Inventory Records

Resolution No. 15-59 Authorizing the removal of an item from the Fixed Asset Inventory. (Item 6b)

Item 6(c) Declare May as Water Awareness Month

Resolution No. 15-60 Declaring May 2015 as Water Awareness Month. (Item 6c)

Item 7 - Staffing Update

Item 7(a) - Congratulations to Retiree

General Manager Jill Duerig extended congratulations to Dennis Gambs, who retired from Zone after 34 years of service. Mr. Gambs, who was present, spoke to the Board and said how fortunate and grateful he is to have worked for Zone 7 and the community.

Director McGrail moved for approval and Director Figuers seconded the motion, which was approved by a voice vote of 7-0.

Resolution No. 15-56 Congratulations to Retiree Dennis Gambs. (Item 7a)

Item 7(b) - Congratulations to Retiree

Ms. Duerig also extended congratulations to Jeff Jones, Construction Inspector, who retired from Zone 7 after 33 years of service. The Board recognized Mr. Jones in absentia.

Director Palmer moved for approval and Director Quigley seconded the motion, which was approved by a voice vote of 7-0.

Resolution No. 15-54 Congratulations to Retiree Jeff Jones. (Item 7b)

Item 7(c) - Congratulations to Retiree

Ms. Duerig congratulated Judy Rector, Executive Assistant, who retired after 13 years with Zone 7. President Greci stated that the role of the board secretary is extremely important to the board. He said he greatly appreciated all the work that Judy did for the board, that she did an excellent job, and will be greatly missed. The Board recognized Ms. Rector in absentia.

Director Quigley moved for approval and Director McGrail seconded the motion, which was approved by a voice vote of 7-0.

Resolution No. 15-55 Congratulations to Judy Rector. (Item 7c)

Item 7(d) - Congratulations to Retiree

Ms. Duerig congratulated Dexter Yee, Associate Engineer, who retired from Zone 7 after almost 11 years in the flood control section. The Board recognized Mr. Yee in absentia.

Director Palmer moved for approval and Director Quigley seconded the motion, which was approved by a voice vote of 7-0.

Resolution No. 15-57 Congratulations to Retiree Dexter Yee. (Item 7d)

Item 7(e) - February Employee of the Month Recognition

Ms. Duerig announced that the February Employee of the Month was Gene Briones, Water Resources Technician II, who is assigned to the Facilities Engineering Section and was present. The directors acknowledged and applauded him.

Item 8 - Consider Action to Increase the Compensation of Zone 7 Board Members

Ms. Jill Duerig stated that staff put together a summary of existing compensation for board members at comparable agencies. She asked the board to provide direction how they wish to proceed. Director Figuers said to leave compensation as is; Director Quigley agreed with Director Figuers stating he does not do it for the money; he does it for the love of the community and to get water right. Director McGrail stated it would be ridiculous to ask for more compensation when the community is at odds with water rates. Director Palmer stated that she is in favor of Option 2. Director Ramirez Holmes stated that she is not in favor of taking any action to increase director compensation. Director Stevens agreed with Director Palmer, favoring Option 2. Director Palmer added that the Board should consider what other boards are receiving, and that it is not unreasonable to ask for a very small increase. Director Stevens added that you are paid what you are worth and that the board provides quality service to the community. Director Figuers said that in the table on page 1, the amount the board receives per meeting is right in the middle of what other agencies receive; however, the difference is others receive group benefits. After further discussion, it was decided to bring Option 2 to the board at the May 20th meeting for possible adoption.

Item 9 - 2015 Annual Review of Sustainable Water Supply for Zone 7 Water Agency

A presentation was given by Associate Engineer Brad Ledesma, summarizing the 2015 Annual Sustainability Report. The report found that Zone 7 can meet 100% of the 2015 water delivery requests for M&I and Untreated customers, and 96% of the 2016 delivery requests—even if there is no conservation in 2015 and 2016 is a critically dry year (i.e., 1977 hydrology). During the presentation, Mr. Ledesma also noted that although the state as a whole may be experiencing a four-year drought, the local climatological and hydrological evidence suggests that the Livermore Valley could be in the ninth year of an extended drought. With this in mind, the estimates for required water deliveries, water availability, and storage for 2015 and 2016 used a conservative approach to provide maximum flexibility in planning. Mr. Ledesma also clarified that the Annual Sustainability Report is not an operations plan, and simply compares total available supply to requested water deliveries—it is a tool that may be used to help develop this year’s operations plan.

Director McGrail thanked Mr. Ledesma for his presentation and work on the report and would love Governor Brown to hear the presentation, especially in terms of the San Luis Reservoir. Director Quigley was pleased to see that Zone 7 has captured over 7,500 acre-feet in Cope Lake. Director Palmer also commented on the Lake I to Cope Lake Intertie and commended the contractors and Zone 7 staff for working together on that project. Director Stevens said this was the second time he saw the presentation and said it is fantastic. Director Ramirez Holmes said she is concerned about Zone 7's use of the groundwater basin and was wondering if there was a slide on that. Mr. Ledesma showed a figure of the estimated available groundwater storage; the graphic indicated that total operational groundwater storage at the end of 2014 is actually higher than the total amount of groundwater storage that was available in 1992. Another graph he shared showed where the groundwater storage is located and how well the basin is doing. Mr. Ledesma stated that the 10,000 AF of groundwater that is in the Annual Sustainability Report is an available is not what Zone 7 would necessarily pump this year. He added that he spent a lot of time working with the Groundwater Section and they came up with ranges of 10,000-13,000 AF so he used the lower estimate in the report; however, given the surplus supplies Zone 7 is seeing this year, Zone 7 may not need the 10,000 AF of groundwater. Director Ramirez Holmes asked if Zone 7 has a target of pumping and recharging. Mr. Ledesma responded to Director Ramirez Holms by showing a new figure that illustrated Zone 7's net recharge and pumping from 2007 to 2014; the figured indicated that Zone 7 has only averaged a net take from the basin of about 2,400 AF over the past 8 years—a very small amount relative to other groundwater pumping in the Livermore-Amador Valley Groundwater basin. Mr. Ledesma also stated that Zone 7 typically targets between 5,000 and 10,000 AF of groundwater pumping. Director Ramirez Holmes asked about the assumption that between 2017 through 2019 we will be at normal, but what if we are not. Mr. Ledesma responded that the assumptions for 2015 and 2016 are conservative—they assumed 100% delivery of water requests—and that in a year like this, where water reductions are being mandated by the State, such conservation will allow Zone 7 to optimize its operations plan for the next few years to prepare for potentially dry 2017 to 2019. Mr. Ledesma added that Zone 7 needed revised delivery requests from the retailers based on State-mandated water use targets. Director Figuers asked Mr. Ledesma to define drought. Mr. Ledesma answered that it is relative to each agency and where their water supplies come from. Director Figuers referred to the Sierra Nevada Snow Pack figure and asked Mr. Ledesma to define average. Mr. Ledesma said that average is defined as the average use over the entire period of record, which is 1950 to present. Director Figuers asked Mr. Ledesma to refer to the figure presenting the Palmer Drought Severity Index results from a recent study completed in December 2014. He said the figure has been around for a long time but the black areas refer to tree rings and the red areas refer to rainfall. Mr. Ledesma stated that the red areas refer to June, July and August periods relative to the regional average. When the graph was developed, they looked at actual rainfall data and compared it with their tree ring studies from recent periods to see how well the model is calibrating.

Dan McIntyre of the Dublin San Ramon Services District said that the presentation was great. He stated that he supports the conservatism looking at next year assuming it could be a 1977 water year. He believes that conservatism needs to be the theme until we understand things better particularly when in 2014 our area was the one place in the state that had to face the severe drought and everyone else was able to continue irrigating all they wanted. Mr. McIntyre said Zone 7 should do everything it can to preserve the groundwater basin going into future years. He also stated that he is pleased with Zone 7's focus on the Intertie.

President Greci said that Mr. Ledesma's presentation is one of the best he has seen from Zone 7 in 21 years. He also pointed out that this is the perfect opportunity to recognize the fact that Zone 7 is able this year to survive the drought due to water that was diverted into the San Luis Reservoir and subsequently stored. He reiterated that California needs as much storage as it can and he believes any influence that the public can do to influence storage would be helpful to our community and the State. He said since California is such a large agricultural state, he is concerned about our food supply, the price of food, and the unemployment it may cause as a result of this drought.

Director Figuers added that the power of the state water project as it was envisioned is different from what was built. He added we would not be able to survive this without the series of dams, canals and pumping stations that have existed and it means it needs to be completed and things like the reincarnation of the peripheral canal and other infrastructure projects need to be done.

Director Quigley mentioned that the one thing that was not in the presentation was the mention of population growth in our area and the state. He said the state water project was built for less than 30 million people and we have 40 million people in the state. He added that the State has to fix the storage and the conveyance.

Director Ramirez Holmes wanted to make sure that Zone 7 communicate clearly that this is a report about how much water Zone 7 has and that the operation plan is really the key. She said that at this point the retailers cannot take the water at the levels Zone 7 can supply due to anticipated state cutbacks. She wanted to stress that even if Zone 7 backed out some of the groundwater pumping, Zone 7 is still able to meet the demand level. She said that just because Zone 7 can does not mean it should. She wants to make sure that Zone 7 has as much storage in the groundwater basin as possible.

Item 10 - Continued Support of Statewide Emergency Water Conservation Efforts

Mr. Ledesma gave a presentation on continuing support for the Statewide Emergency Water Conservation Efforts. Dan McIntyre of the Dublin San Ramon Services District suggested that under the third “whereas” of the proposed resolution, a clause be added to say, "by using current supplies to meet 40% of demand and using long-term storage to meet up to 60% of demand." He stated that it will give the idea that yes, the water is available, but that Zone 7 is drawing from its savings account. Director Stevens disagreed with editing the resolution stating it does not add anything to it. Director Palmer agreed with the change in the wording because she said it highlights that fact that Zone 7 is able to meet 100 percent of demands, not because there is enough water, but because Zone 7 has done some good management. Ms. Duerig said she does not see a problem with adding a phrase that says by using a combination of current supplies and long-term storage, but she does not recommend putting percentages in.

Randy Werner of Livermore cautioned the board, that yes there is enough water to get through this year, but three water agencies are going to have to conserve 25% and the City of Dublin is going to have to conserve 20% of the 2013 amount, and the retailers are going to have to tell their constituents that they are still going to have to reduce usage by 25% from 2013. After further discussion by the board, it was decided to leave the resolution as is. Director Stevens moved to pass the resolution and Director McGrail seconded. The motion was approved by a voice vote of 5-1-1 with Director Ramirez Holmes opposing and Director Figuers abstaining.

Resolution No. 15-61 Continuing Support for Statewide Emergency Water Conservation Efforts. (Item 10)

Item 11 - Amended County Well Ordinance

Kurt Arends, Assistant General Manager, Engineering, gave a brief review on the history of the item since it had been a few months. He said that in October 2014 staff presented the board a draft Zone 7 Well Ordinance. Zone 7 received a letter from Alameda County Public Works Agency outlining concerns with Zone 7 adopting an ordinance and having duplicate ordinances that cover the same area. Staff met with County Public Works staff to resolve the issues. In January 2015, staff came back to the board and held the first reading of the Zone 7 Well Ordinance. Staff came back to the board again in February and recommended the board continue the item until the April meeting to allow staff additional time to work with the County. In March, County staff brought the County's draft Well Ordinance to the Alameda County Transportation Committee. As of April 7, Alameda County had a first reading of the updated County Well Ordinance, which adopted the changes and revisions to the language that Zone 7 was proposing. The new Ordinance that the County is adopting gives the Public Works Director the authority to delegate administrative authority to Zone 7 through an MOU. Staff is recommending the board authorize the General Manager to negotiate and execute an MOU with Alameda County Public Works Agency to accept administering authority of the County's Well Ordinance within Zone 7's service area.

Director Stevens moved for approval and Director McGrail seconded. The motion was approved by a voice vote of 7-0.

Resolution 15-62 Authorizing an MOU with Alameda County Public Works Agency for Well Ordinance Administration. (Item 11)

Item 12 - Committee Reports

Ms. Duerig stated that there was a mistake on the draft notes for the February 5th Tri-Valley Water Resources Group Roundtable that mistakenly reported Director McGrail was present, when in fact it was Director Stevens who attended.

Item 13 - Reports - Directors

a. Verbal comments by President
b. Written report by Director Quigley
c. Verbal Reports

Director Palmer said she attended the March 19th CEMEX presentation and on March 23rd she attended a webinar on drought and conveyance issues. She also attended a staff sendoff for Judy Rector.

Director Ramirez Holmes said she attended Supervisor Miley's Pleasanton Citizens Committee meeting on March 19th. She also attended the Nutrient Management Plan Stakeholder meeting on March 23rd. On March 25th, she attended the Dublin State of the City Address. She also attended an ACWA webinar on the 2015 drought briefing. On April 11th, she attended the Zone 7 water conservation gardening event at Home Depot.

Item 14 - Items for Future Agendas - Directors

Director McGrail requested that the Nutrient Management Plan be put off until the June board meeting. Director Stevens was wondering how Zone 7 could help inform the homeowners in Pleasanton about their soil issues and is it up to Zone 7 to provide a presentation on what subsidence actually is so the public is better educated? Kurt Arends informed the board that Zone 7 sent a response letter to Cathy Brown informing her that Zone 7 needed some time to gather historic and technical information for her and Zone 7 will set up a meeting with them. Director Ramirez Holmes asked if the letter from Ms. Brown and response letter could be shared with the board. Mr. Arends said he'd have copies available before adjournment.

President Greci reiterated what Mr. Arends said by saying that until Zone 7 has more information, no decision can be made. He stated there is history on the development on both sides of Hopyard Road. The developers are responsible for the developing on what used to be a lake, and Zone 7 is not responsible for any settling.

Item 15 - Staff Reports

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

General Manager Jill Duerig stated that based on the posted timeline for the state conservation regulatory process, the State Board is hoping to adopt final recommendations by May 5th or 6th. The next Tri-Valley Water Policy Roundtable meeting was scheduled for April 22nd and after a meeting with staff, it was clear that they all felt the roundtable topics should include the state regulations, but to do that properly it should be delayed until after May 5th. That meeting has now been moved from April 22nd to May 13th at 5:00 p.m. at Dublin San Ramon Services District.

The Board went into closed session at 9:10 p.m.

Item 16 - Closed Session

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

(b) Conference with Legal Counsel - Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 3 cases

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

(d) Conference with Legal Counsel - Existing litigation pursuant to Gov't Code Section 54956.9(d) (1):
Alameda County Flood Control and Water Conservation District, Zone 7 v. Pleasanton Gravel Co., Alameda County Case No. HG14724177

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

Item 17 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 9:35 p.m. and President Greci reported there were no reportable actions taken in closed session.

Item 18 - Adjournment

The meeting was adjourned at 9:36 p.m.

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ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: GINGER STATON

AGENDA DATE: May 20, 2015 ITEM NO. **6a**

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 2015 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.

Zeljka Bozic, Buyer I, has been chosen from those nominated as the March 2015 Employee of the Month. Zeljka joined Zone 7 in September 2011 and works in the Accounting Section at North Canyons.

Zeljka was nominated for her diligence, positive attitude and patience, making her a "stand out" employee at Zone 7. While she has a heavy and diverse workload that keeps her very busy, she is always available to help a fellow colleague solve a problem or complete a task.

Specifically, she is appreciated as a great resource for helping engineers procure equipment and services for their projects. She communicates with engineering and develops a sense of which equipment and materials are on the critical path to successfully meet a construction or installation deadline. Then she proactively monitors the procurement of those critical path items. If she finds delays in purchasing those items, she lets the engineer know immediately and also communicates whether something can be done about it, such as the submission of additional documentation, etc. She sends out reminders if she senses other processes are slipping (e.g. requisitions not yet submitted for an approved contract). She also has a good temperament with engineers when at times dealing with the same issues over and over again.

Overall, Zeljka takes pride in her work and always provides service with a smile.

The committee seconded the recommendation and recognized Zeljka 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 Zeljka Bozic as March 2015 Employee of the Month.

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ORIGINATING SECTION: Administrative Services
CONTACT: Tom Pico

AGENDA DATE: May 20, 2015 ITEM NO. **6b**

SUBJECT: Recent Employee Activities

Take Our Children to Work Day, April 22, 2015

Zone 7 participated in Take Our Children to Work Day on Wednesday, April 22, 2015 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.
2. **Ann Brown** from Morrison & Associates guided the children through a lively presentation called “8-4-1, One for All” where students, representing 8 different water users, brainstormed water impacts and then carried together one water container "downstream", navigating through simulated water management challenges to reach the next community of water users on the same "river".
3. Safety Technician, **Dan Moy**, spoke about the importance of safety awareness throughout the day and provided a hands-on safety equipment demonstration with which the children could interact.
4. Water Facilities Supervisor, Allan Dahlquist, provided an interesting tour of the Patterson Pass Water Treatment Plant with an overview of the entire treatment process which included both conventional and ultrafiltration processes.
5. Water Facilities Supervisor, **Bill Sadler**, provided an informative tour of one of the Chain of Lakes well facilities.
6. The children then went to the Arroyo Las Positas, just above El Charro Road, where **Mike Garguilo**, Water Resources Technician II, led the ever-popular creek walk and rubber duck races. Then, Water Resources Technician II, **Ryan Gromer**, helped the children understand the importance of measuring creek flows at a nearby stream gaging station.
7. Back at North Canyons, the children were presented with certificates of participation and staff thanked them for taking part in the day’s activities.

A display board with photos from Zone 7’s 2015 Take Our Children to Work Day will be on display for your review.

<u>Service Recognition Awards, May 12, 2015</u>

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 12 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
Rich Gould	Ralph Rodriguez	Larry Akinsiku
		Karen Bartels

20 Years	15 Years	5 Years
Rhett Alzona	Matt Katen	Tim Brown
		Willis Costello
		Joel Larson
		Sara Whatley
		Brandon Woods
		Dave Zachry

The 2015 Service Awards Ceremony also included the sixth 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 "Water Treatment Hero" Award - For the person who is our hands-on hero in the treatment field. The person who is always up-to-date with industry trends and who takes tremendous pride in providing safe drinking water for our community.
- The "Drought Defeater" Award - A visionary providing "positive mojo" to the agency, finding productive solutions to our chronically dry conditions and helping raise spirits and solve issues with their supportive nature.
- The "Fix-It Fanatic" Award - No task is safe around this person. The person "who's got your back" and always comes through with proactive solutions to fix our equipment and facilities.
- The "Wordy Wit" Award - The one who comes to work with their outstanding vocabulary and witty humor and helps us through the day. This is a person who knows how to "turn a phrase" in every situation and makes our day with their funny, original and witty comments.
- The "Model Citizen" Award - This person serves as a role model to all; they work hard, accomplish a lot, but know when to call it quits and keep a great work-life balance.

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 2015 Service Awards and Hall of Fame Awards Ceremony will be shared.

RECOMMENDED ACTION: Information Only

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ORIGINATING SECTION: Administrative Services
CONTACT: Tom Pico/Boni Brewer

AGENDA DATE: May 20, 2015 ITEM NO. 7

SUBJECT: Presentations by Science & Engineering Fair Awardees

SUMMARY:

- On March 21, employees Amparo Flores (Integrated Planning) and Emily Moshier (Facilities Engineering) 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 and 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 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 students received Zone 7 awards for their projects:

- **William Leslie Olsen, Sunol Glen School,** who got a middle school water award for his study entitled, "Parabolic Solar Water Distillation."

- **Meenakshi Singhal, Granada High School,** who got a high school water award for her study entitled, "Optimization of Moringa Oleifera Functionalized Sand for Water Purification."

- **Sidharth Bommakanti, Amador Valley High School,** who got a high school water award for his study entitled, "Project Wellness Water."

FUNDING:

As in past years, these water award winners received small cash prizes from Zone 7 funded by Fund 100 - Water Enterprise.

RECOMMENDED ACTION: Information only.

ATTACHMENT: Memo Providing Additional Background and Discussion

Interoffice Memo

Date: May 20, 2015
To: Jill Duerig
From: Boni Brewer
Subject: 2015 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 several hundred 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 Amparo Flores (Integrated Planning), and Emily Moshier (Facilities Engineering). 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:

Although science fair entries both from individual students and from teams of students were judged, all three of Zone 7's awards this year went to individuals. The following students received water awards from Zone 7 for their projects:

William Leslie Olsen, Sunol Glen School 8th grader, "Parabolic Solar Water Distillation," Middle school award

William explored efficient distillation of water for use in developing countries where lack of safe drinking water is a public-health problem. He reviewed conventional solar distillers and identified two areas for potential improvement – solar concentration and use of thermal insulators. William selected a parabolic mirror design to construct and test with a copper pipe distiller. The design used solar concentration and thermally conductive materials, resulting in approximately 60% efficient conversion of solar radiation. William also tested distillation of varying volumes of water under controlled thermal heating using an electrical heat rope. He found that the lowest volume of water offered the highest efficiency due to the fixed heating power. Distillation was verified by ion conductivity measurements; the measurements from water in the lowest-volume test showed 93% reduction in conductivity. William's presentation skills stood out among the middle school entries. He spoke knowledgeably of his experiment which demonstrated application of the scientific method to test improvements in design. William was a winner in Zone 7's special awards in 2014 as well.

Sidharth Bommakanti, Amador Valley High School 11th grader, "Project Wellness Water," High school award

Sidharth worked on the development of a low-cost dual-filtration system in rural India. The project involved the design of a water treatment system, its construction, water quality testing, and public education. Sidharth will be continuing the project, exploring the benefits of a wetland treatment system. The project required strong technical knowledge of water treatment design and operation; furthermore, Sidharth addressed the social aspects of successful project implementation in developing countries. The amount of effort in the project, involving partnerships with the local government and the local high school (among others) in the town of Kowtaram, India, was quite impressive. Mr. Bommakanti's work could have a direct impact on the local community's public health.

Meenakshi Singhal, Granada High School 9th grader, "Optimization of *Moringa Oleifera* Functionalized Sand for Water Purification," High school award

Meenaskshi investigated the use of seeds from the *Moringa Oleifera* tree for water purification. The seeds contain a highly positively charged protein called MOCP, which bonds to negatively charged sediment, allowing particles in water to flocculate and settle. "Functionalized" sand was created by mixing sand with MOCP solution. Meenakshi tested the ability of different concentrations of functionalized sand to reduce coliforms and turbidity in water. The project was impressive in its potential to help in the development of local, low-cost solutions for water treatment in developing countries, and perhaps even in the development of alternative flocculants in developed countries. Furthermore, Ms. Singhal exhibited deep technical understanding of her work and a strong ability to communicate it in a clear and professional manner.

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

FUNDING:

As in past years, winners of Zone 7's special awards received small cash awards from Zone 7 funded by Fund 100 – 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: Engineering
CONTACT: Kurt Arends

AGENDA DATE: May 20, 2015 ITEM NO. **8**

SUBJECT: Lake Del Valle Property Lease

SUMMARY:

- In November 2013, Zone 7 acquired approximately 5,000 acres of land adjacent to DWR's Lake Del Valle for watershed protection purposes.
- Livestock grazing is considered the most efficient and cost effective way to manage California grasslands to achieve watershed protection.
- The existing grazing lease will expire on October 31, 2015.
- The Board expressed an interest in going through the Request for Proposal (RFP) process before signing a new long-term grazing lease to allow any interested parties the opportunity to compete for the lease.
- An RFP was issued on February 2, 2015 and twelve (12) proposals were received.
- A Proposal Review Committee made up of Zone 7 staff and outside experts in watershed protection evaluated the proposals based on the criteria described in the RFP.
- Staff reviewed the results of the evaluation with the Board's Patterson Ranch Ad-Hoc Committee on April 20, 2015 and the Committee directed staff to invite the top three proposers to be interviewed by the full Zone 7 Board.
- At a special Board meeting held on May 20, 2015, the Board interviewed each of the top three proposers as to why they feel they would be the best tenant for Zone 7 to meet its watershed protection objectives.

FUNDING:

Revenue collected from the lease is used to maintain the property and any remainder is distributed between Fund 100 – Water Enterprise and Fund 200 – General Flood Control.

RECOMMENDED ACTION:

Make tenant selection and approve attached Resolution authorizing the General Manager to negotiate and execute a lease for the Lake Del Valle Property.

ATTACHMENT:
Resolution

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Lake Del Valle Property Lease

WHEREAS, on July 17, 2013, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District did authorize the General Manager to enter into a Land Sale Contract for the purchase of certain parcels commonly referred to as the "Patterson Ranch" for the purpose of watershed protection; and

WHEREAS, Zone 7 acquired title to Patterson Ranch, now known as the Lake Del Valle Property, on November 15, 2013, subject to an existing agricultural lease which was subsequently extended to October 31, 2015; and

WHEREAS, the Board of Directors of Zone 7 wished to solicit proposals for a new land lease to allow any interested parties the opportunity to compete for the lease; and

WHEREAS, a Request for Proposals was issued on February 2, 2015 and the Board interviewed the three top proposers on May 20, 2015.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby authorizes the General Manager to negotiate and execute up to a five year lease with up to two ten year extensions for the use and grazing of the Lake Del Valle Property.

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 20, 2015.

By: ______________________________
President, Board of Directors

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

ORIGINATING SECTION: Human Resources
CONTACT: Tom Pico/Ginger Staton

AGENDA DATE: May 20, 2015 ITEM NO. 9

SUBJECT: PUBLIC HEARING TO CONSIDER ADOPTING AN ORDINANCE TO INCREASE DIRECTOR COMPENSATION

SUMMARY:

- At the April 15, 2015 meeting, the Board reviewed the results of the 2015 compensation survey of comparable water agencies' boards of directors. As discussed, pursuant to the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy" adopted by the Board on March 15, 2006 a review of the Board's remuneration is conducted on a biennial basis.
- The Board's current compensation, effective June 21, 2008, is $159.99 per meeting with a maximum of ten meetings per month.
- The annual Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area for 2012 increased by 2.7%, for 2013 increased by 2.2% and for 2014 increased by 2.8%.
- The mean compensation level of the agencies surveyed is $176.21 per meeting.
- At the April 15, 2015 Board meeting, the Board discussed the following options:
  - Option 1: maintain the compensation at the current $159.99 per meeting.
  - Option 2: set the compensation for fiscal year 2015/2016 and fiscal year 2016/2017 at the mean derived from the current market compensation salary survey ($176.21, an increase of approximately 10.14%).
  - Option 3: since the board has taken no increase since 2008, and per Water Code Section 20200, *et seq.*, 5% per year increase is allowed; up to 35% increase could be granted this year (up to $215.99).
- After considering all options, the Board requested that Option 2 be brought back for consideration at the May 20, 2015 meeting.

FUNDING:

Funds are available in Fund 100 – Water Enterprise and Fund 200 – Flood Control.

RECOMMENDED ACTION:

Open public hearing, hear all comments, discuss and vote on attached Ordinance to increase Board Compensation to $176.21.

ATTACHMENTS:

Memo providing additional background and discussion
Ordinance

MEMORANDUM

DATE: May 20, 2015

TO: Jill Duerig, General Manger

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

SUBJECT: Consider Action to Increase Director Compensation

SUMMARY:

At the March 15, 2006 Board meeting the Board adopted the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy" which provides for a review of the Board's remuneration on a biennial basis. In 2012, the Board voted to increase the maximum number of meetings from four up to ten meetings per month but to maintain the current level of compensation per meeting. Last year at the public hearing on April 16, 2014 the Board decided to table the consideration of a compensation change for a one-year period. Attached are the results of the 2015 compensation survey of comparable water agency's board of directors. The Board's current compensation, effective June 21, 2008, is $159.99 per meeting.

Since the 2012 vote, the annual Consumer Price Index (CPI) for the Oakland-San Francisco-San Jose area for 2012 increased by 2.7%, for 2013 increased by 2.2% and for 2014 increased by 2.8%. The mean compensation level of the agencies surveyed is $176.21. Based on these results, the Board considered the following options at the April 15, 2015 meeting:

- Option 1: maintain the compensation at the current $159.99 per meeting.
- Option 2: set the compensation for fiscal year 2015/2016 and fiscal year 2016/2017 at the mean derived from the current market compensation salary survey ($176.21, an increase of approximately 10.14%).
- Option 3: since the board has taken no increase since 2008, and per the Water Code Section 20200, *et seq.*, 5% per year increase is allowed; up to 35% increase could be granted this year (up to $215.99).

After considering all options, the Board requested that Option 2, to set the compensation for fiscal year 2015/2016 and fiscal year 2016/2017 at the mean derived from the current market compensation salary survey ($176.21, an increase of approximately 10.14%), be brought back for consideration at the May 20, 2015 meeting.

BACKGROUND:

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

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

The following comparable water agencies were surveyed:

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

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

DISCUSSION:

In comparing the data surveyed for the year 2012 versus the current data, the changes were primarily in the cost of group benefits. Three of the agencies increased their board compensation. Marin Municipal Water District increased their compensation from $145.00 per meeting to $174.00 per meeting. Santa Clara Valley Water District increased their compensation from $280.63 per meeting to $286.03 per meeting. East Bay Municipal Utility District increased their flat monthly payment from $1,093.00 to $1,186.00. The new mean for the agencies surveyed is $176.21 per meeting.

The annual Consumer Price Index (CPI) for the Oakland-San Francisco-San Jose area for 2012 increased by 2.7%, for 2013 increased by 2.2% and for 2014 increased by 2.8%.

The maximum compensation increase allowed under Water Code Section 20200 is 5% per year. The mean of the agencies surveyed is $176.21.

At the April 15, 2015 board meeting, the Board discussed the options and requested to vote on setting the compensation for fiscal year 2015/2016 and 2016/2017, to $176.21 per meeting (an increase of 10.14%).

Under this option, the maximum cost increase for the 2-year period for fiscal year 2015/2016 and fiscal year 2016/2017 would be:

- $27,249.60 to bring the compensation to the mean (or $13,624.80 per year).

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

FUNDING:

Funds are available in Fund 100 – Water Enterprise and Fund 200 – Flood Control.

March 2015

AGENCY	AMOUNT PER MEETING	MAXIMUM MEETINGS PER MONTH	MAXIMUM COMPENSATION Per Month	GROUP BENEFIT COSTS Minimum to Maximum per Month
Alameda County Water District	$175.00	8	$1,400.00	$622.41 to $2,415.06
Contra Costa Water District	$100.00	10	$1,000.00	$808.44 to $2,316.92
Dublin San Ramon Services District	$146.00	10	$1,460.00	~$603.00 to ~$1,569.00
East Bay Municipal Utility District	*		$1,186.00	$736.10 to $2,919.24
Marin Municipal Water District	$174.00	10	$1,740.00	$775.08 to $1,550.16
Santa Clara Valley Water District	$286.03	10	$2,860.30	$587.05 to $2,021.85
Mean	$176.21	9.6	1,607.72	$688.68 to $2,132.04

*Flat Rate

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

** No group benefits offered currently

AGENCY	GROUP BENEFITS	COMPENSATION	MAXIMUM COMPENSATION	BUSINESS EXPENSE REIMBURSEMENT	LIMITATION AUTHORIZATIONS
Alameda County Water District	Heath, Dental, Vision, Retirement District pays full cost of health, dental and vision premiums. Cost range from: $622.41 to $2,415.06/month	$175.00 for each Board or Committee meeting attended, conferences, seminars, workshops tours, and other Board authorized meetings and activities.	Not to exceed 8 meetings per month; $1,400.00 per month	Reimbursed for reasonable expenses (transportation, mileage, lodging, meals.) necessarily incurred while conducting District business.	Directors are reimbursed for any expenses incurred in the performance of his/her duties required or authorized by the Board. All activities for which expense reimbursement is sought must be approved in advance by the Board.
Contra Costa Water District	Health, Dental, Vision, EAP, Life $10,000.00 or $100,000.00 with Evidence of Good Health, Retirement District pays full cost of medical, dental, vision, EAP, and life premiums. Cost range from: $808.44 to $2,316.92/month	$100.00/day for District activities, Board is compensated for service rendered as a Director at the request of the Board and for attendance at conferences (such as the semi-annual ACWA conferences) or for meetings with local government agencies, service organizations, or civil groups if: • Invited to deliver a speech • Serve as a panel member or • Board approves participation in advance	Not to exceed $1,000.00 per month.	Reimbursed for reasonable expenses (transportation, mileage, lodging, meals) necessarily incurred while conducting District business.	Travel must be authorized in advance by Board.
Dublin San Ramon Services District	Health, Dental, Vision, AD&D, Life $50,000.00 District pays full cost of dental, vision, AD&D, and life premiums. Cost range for medical from: ~$603.00 to ~$1,569.00 Board members are allowed to participate in flexible District Benefits (Deferred Comp Program with 25% employer match up to $10 per calendar month; Purchase additional life insurance at Employee Cost).	$146.00 per meeting	Not to exceed a total of 10 meetings per month; $1,460.00 per month	Reimbursed for actual expenses for traveling to District related conferences, workshops and Board related business.	Approval by Board President for travel outside of 9 Bay Area counties. Mileage reimbursed outside 9 Bay Area counties.
East Bay Municipal Utility District	Health, dental, retirement, vision, 401(k)m 457 plans Dental and Vision premium is paid in full by District; Health premium is paid in full by District for Director and family; Health premium is paid in full Director but depending on plan could pay 15% of premium for family. Cost range from: $736.10 to $2,919.24 (includes $905 annual District contribution i.e. "supplemental benefit dollars"; excludes pension costs)	$1,186.00 per month – Salary (flat rate)	A Director must attend a minimum of three meetings per month (includes regular business meetings, standing committee meetings, special meetings, retirement board meetings, and closed session meetings). In the event a Director is assigned to attend less than 6 meetings of the Board in one month, he or she must attend a minimum of 50% of the assigned meetings. Board President may excuse a Director's absence from an assigned meeting.	Reimbursement for actual expenses that are incurred in the performance of duties authorized or requested by the Board	Salary not paid for any month in which minimum number of meetings are not attended, unless absence is excused by the Board President President of the Board authorizes expenses. Advance approval is required to: • Attend conferences, seminars, or similar activities • Travel to destinations in excess of 150 miles from District or for overnight lodging > 1 night.

March 2015

AGENCY	GROUP BENEFITS	COMPENSATION	MAXIMUM COMPENSATION	BUSINESS EXPENSE REIMBURSEMENT	LIMITATION AUTHORIZATIONS
Marin Municipal Water District	Health, Dental, No Vision, No Retirement District pays full cost of dental and health premiums. Board Members share cost of health plan premiums for family members. Dental cost is $122.07/month. Cost range from: $775.08 to $1,550.16	$174.00 per day of service	Not to exceed $174.00 per day Or Compensation for more than 10 days of service in any calendar month: $1,740 per month	Each Director is reimbursed for all reasonable Board authorized or requested expenses actually incurred in performance of duties	Any Board member attending meetings, workshops, conferences, e.g. ACWA, at the request of the Board, are compensated for costs incurred. Authorization for travel and expense reimbursement shall be limited to conferences, meetings and other functions from which the District derives a specific benefit through attendance. Only that travel/attendance which serves a District purpose and is deemed necessary and/or advantageous to the District shall be approved and reimbursed. • Breakfast - $12 • Lunch - $15 • Dinner - $25 Elected or appointed officials may receive a meal allowance in excess of IRS regulations, but the meal allowance shall not exceed $52 per day, which includes taxes and tips.
Santa Clara Valley Water District	Medical, Dental , Vision Care , EAP, Life Insurance (equal to one times their annual maximum meeting per diem), Travel Accident Insurance (while traveling on district business) Optional: Personal Accident Insurance, Deferred Compensation 457 Plan (no district matching) Cost range from: $587.05 to $2,021.85/month 15% cost sharing on monthly premium for medical only; dental and vision remains free	$286.03 for each Board or committee meeting attended, conferences, seminars, workshops, tours and other Board authorized meetings and activities.	Not to exceed 10 meetings per month; $2,860.30 per month. If the 10 meetings are exceeded, Board members are reimbursed for transportation, meals or any reasonable related expenses.	Reimbursed for expenses incurred for conferences, travel, lodging and meals (reimbursement limit $2,500).	Annual FY reimbursement limited to $2,500 per Director, for services, activities or pursuits in office as provided in Board policy.

March 2015

AGENCY	GROUP BENEFITS	COMPENSATION	MAXIMUM COMPENSATION	BUSINESS EXPENSE REIMBURSEMENT	LIMITATION AUTHORIZATIONS
Zone 7	None	$159.99 per day for each day's attendance at meetings of the Board, or for each day's attendance at regular, special and/or committee meetings of the Board and for each day's service eligible for compensation pursuant to Section B of the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy."	Not to exceed 10 days in any month: $1,599.90 per month.	Reimbursed for actual and necessary travel expenses in performance of agency business.	Transportation expenses within Bay Area counties limited to mileage, public transit fares, parking and bridge tolls unless Board specifically authorizes other. Outside the Bay Area, if private vehicle is used, payment may not exceed the economy or coach round trip airfare.

ORDINANCE NO.

An Ordinance Increasing the Compensation of Members of the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District

Pursuant to California Water Code Section 20200, *et seq.*, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District do hereby ordain as follows:

SECTION I:

The "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy" provides for a review of the Board's remuneration on a biennial basis. Having undertaken such review for 2015, the Board of Directors find that increasing the remuneration paid per meeting attended by each Director for Fiscal Year 2015/2016 through Fiscal Year 2016/2017 by 10.14% to set it at the area mean would be appropriate.

SECTION II:

Beginning Fiscal Year 2015/2016 through 2016/2017, the compensation of one-hundred seventy-six dollars and twenty-one cents ($176.21) per day shall be paid to each Zone 7 Board member for each day's attendance at regular, special and/or committee meetings of the Board and for attending such non-Zone 7 meetings as eligible for compensation pursuant to Section B of the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy."

SECTION III:

This ordinance shall not be deemed to authorize compensation for more monthly meetings than allowed in Section B of the "Zone 7 Board of Directors' Compensation and Expense Reimbursement Policy."

SECTION IV:

This ordinance shall take effect and be in force sixty (60) days from and after the date of passage, and before the expiration of fifteen (15) days after its passage, shall be published once with the name of the members voting for and against the same in a newspaper of general circulation published in the County of Alameda.

Introduced at a regular meeting of the Board of Directors held on the 20th day of May, 2015, and passed and adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District, in the County of Alameda, State of California, on the 20th day of May, 2015 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: ____________________________

Secretary, Board of Directors
Zone 7 of Alameda County Flood
Control and Water Conservation District,
County of Alameda, State of California

I certify that the foregoing is a correct copy of an Ordinance adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on May 20, 2015.

By:____________________________________
President, Board of Directors

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

ORIGINATING DIVISION: Administrative Services
CONTACT PERSON: Tamara Baptista/Hossein Golestan

AGENDA DATE: May 20, 2015 ITEM NO. **10**

SUBJECT: **Proposed Budget for Fiscal Year 2015/16**

SUMMARY:

- For fiscal year (FY) 15/16, the total proposed budget for all the operating and capital funds is $124.2M; this is a $7.6M increase or 6.5% over the FY 14/15 "end-of-year-projections."
- The total budget proposed for the operating funds is $75.2M; a $1.9M increase, or 2.6% over the FY 14/15 end-of-year projections.
- The total budget proposed for the capital funds is $48.9M; a $5.7M increase, or 13.2% over the FY 14/15 end-of-year projections.
- The proposed budget was discussed at the Finance Committee meetings on April 23, 2015 and May 7, 2015 and with the Retailers on April 16, 2015 and April 30, 2015. The Committee recommended bringing the budget to the full Board for adoption.

RECOMMENDED ACTION:

Discuss and adopt the proposed budget for FY 15/16 by approving the attached resolution.

ATTACHMENTS:

Memorandum
Exhibit A - Annual Budget by Account Classification (Proposed FY 15/16 Budget)
Resolution

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

M E M O R A N D U M

DATE: May 20, 2015

TO: Jill Duerig, General Manager

FROM: Tamara Baptista, Finance Manager
Hossein Golestan, Acting Assistant General Manager, Finance

SUBJECT: Proposed Fiscal Year 2015/16 Budget

BACKGROUND:

Staff annually prepares an operating budget on a fiscal year basis (July 1 through June 30) and present it to the Finance Committee for review and discussion prior to presenting it to the full Board. Many components of water planning and rate-setting are on a calendar year basis so budgeting on a fiscal year basis can present challenges and cause confusion unless these differences are acknowledged. The Agency also prepares a Capital Improvement Program (CIP) (five years for Flood Control and ten years for the Water Enterprise), typically every two years, as a separate process from the annual budget process. The CIP is the basis for developing the annual capital budgets that get folded into the fiscal year budgets. The most recent CIP was adopted in October 2014.

An interim reserve policy was adopted by the Board on April 17, 2013. The reserve levels discussed in this report are compared to the interim reserve policy.

The Agency also submits an annual budget to Alameda County for three operating funds (Funds 100, 110 and 200) for inclusion in the County-wide budget. Upon adoption by the Zone 7 Board, Zone 7's operating fund budgets are then included with the other County department's budgets and presented to the Board of Supervisors for adoption in June each year.

The proposed budget was discussed at the Finance Committee meetings on April 23, 2015 and May 7, 2015 and with the Retailers on April 16, 2015 and April 30, 2015.

Issues and Trends

Financial issues facing the Agency include the drought, the increasing fiscal impacts from water conservation efforts, the increased State Water Project charges, the slow recovery of the economy, and the continued increasing need to allocate funds to the Asset Management Program (AMP) for infrastructure maintenance and improvements.

Drought:

The drought continues to create challenges both from a water supply and from a financial perspective. There will be less revenue due to mandatory water usage reductions and the expenses will increase due to the replenishment of our water banking programs. In calendar years 2014 and 2015, the low allocations from the State Water Project have been balanced with groundwater both from the local groundwater basin and from out-of-basin groundwater storage in Kern County. Such recovery in calendar years 2014 and 2015 increased water costs. The Agency plans to start replenishing those water supplies in calendar year 2016, which increases costs still further in Fiscal Year 15/16.

In calendar year 2014, a local state of drought emergency existed and retailers were directed to achieve 25% conservation. The community did an outstanding job and achieved 29% saving for calendar year 2014. On April 1, 2015, Governor Brown issued an Executive Order, primarily for calendar year 2015, requiring 25% water conservation measures statewide for residential use compared to 2013 use. Conservation of this magnitude significantly reduces revenues, in both FY 14/15 (and, by extension, the available fund balance at the beginning of the next fiscal year) and in FY 15/16.

Water Conservation Act of 2009:

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. Water demands on a per capita basis continue to decrease while fixed costs remain high.

State Water Project Charges:

The State Water Project charges are by far the largest component of the Agency's budget. The charges are increasing due to both capital debt service payments and operating costs.

Water Reliability:

With declining reliability of the State Water Project, water purchases (Yuba, Multi-Year Pool, Byron Bethany Irrigation District, etc.) will become increasingly necessary, even though they come at a higher price.

Asset Management Program (AMP):

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 AMP study to assess the condition of Zone 7's infrastructure was adopted by the Board on June 15, 2011, with another study scheduled for 2016. Board-approved funding transfers are scheduled to be made from the Water Enterprise Fund (Fund 100) to the Renewal/Replacement and System-wide Improvements Fund (Fund 120). As a result of emergency drought transfers in FY 14/15, the Board directed staff to reduce the transfer in FY 15/16 to $7M.

Slow Economic Recovery:

New development within the service area has been picking up, providing slight growth in new water rate payers, development-related property tax income and connection fee revenue. There is also a moderate increase in property values that has resulted in stabilization of the 2014 and 2015 tax assessment roll.

Staffing

There are 123.5 full-time equivalent (FTE) authorized positions. The FY 15/16 budget proposes funding 111.5 FTE positions with the remaining 12 positions left unfunded due to the Soft Hiring Freeze initiative that began in FY 09/10. For FY 15/16 there are 4.5 additional funded positions: one Assistant General Manager of Finance, one Manager of Integrated Water Resources, one GIS Analyst, one Well Permit Technician, and 0.5 FTE Water Resources Engineer Trainee. The Assistant General Manager of Finance, the Well Permit Technician, 0.5 FTE Water Resources Engineer Trainee and the GIS Analyst positions were previously identified as soft hiring freeze positions that will now be funded. The Manager of Integrated Water Resources position is new and was approved by the Board in November 2014. Personnel costs are increasing 3% in FY 15/16 due to previously negotiated COLAs.

OPERATING BUDGETS:

Zone 7 staff prepared preliminary FY 15/16 budgets for the three operating funds (Funds 100, 110 and 200) and the summary of these budgets are shown below:

Water Enterprise Fund – Fund 100 (formerly Fund 52)

Category	*13/14 Audited Actual*	*14/15 Amended Budget*	*14/15 End of Year Projections*	*15/16 Proposed Budget*	*% Change (15/16 budget to 14/15 End of Year Projections)*
Revenue	$ 36,479,758	$ 34,461,062	$ 31,606,909	$ 34,552,636	9.32%
Expenses	$ 37,525,019	$ 50,157,219	$ 46,652,793	$ 42,619,302	-8.65%
Reserves*	$ 30,450,709	$ 14,754,552	$ 15,404,825	$ 7,338,159	-52.36%

*At end of FY

Reserve Policy Levels:
Min $9,666,392
Max $28,814,828

The proposed expenses for this fund are $42.6M and projected reserves at the end of the year are $7.4M. The FY 15/16 expenses are decreasing by $4.0M compared to the FY 14/15 end-of-year projections, due to a $5.8M lower transfer from the Water Enterprise Fund (Fund 100) to the Renewal/Replacement & System-wide Improvement Fund (Fund 120) partially offset by $1.8M increase in projected operating expenses, primarily due to underspending the current year's budget. The proposed FY 15/16 operating expenses (excluding transfer to AMP) are $1.7M below the FY 14/15 budget. While demands for water are reduced by conservation, projected water purchase expenses are still projected to be high. The SWP allocation for 2015 is 20%, so plans are to remove water from storage in 2015 and to purchase extra water in 2016 to replenish the Cawelo and Semitropic banking programs as well as local groundwater storage. The FY 15/16 revenues are increasing by $2.9M compared to FY 14/15 end-of-year projections due to the estimated 25% loss of water sales for calendar year 2015 and 15% loss of water sales for calendar year 2016 (both lower than the 29% achieved in 2015), which is partially offset by the 3% Board-approved rate increase for calendar years 2015 and 2016. The FY 14/15 end-of-year revenue projections are anticipated to be less than budget due to the fact that the community achieved 29% water conservation instead of the 25% level the agency requested in calendar year 2014 and statewide regulations will most likely achieve at least 20% savings in 2015 (compared to the 15% projected when preparing the FY 14/15 budget). FY 15/16 reserves are projected to decrease by another $8.1M from the FY 14/15 estimated reserve balance because of the continuing drought and associated increases in water costs with decreased revenues.

The projected reserve balance at the end of FY 15/16 is $2.3M below the Board-approved minimum reserve level target overall. The Drought Contingency Reserve has been fully depleted. The projected Emergency Reserve is $2.2M, the Operating Reserve is at $3.1M, and the Rate Stabilization Reserve is at $2.0M, all approximately at the minimum policy level by the end of FY 15/16.

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

Category	*13/14 Audited Actual*	*14/15 Amended Budget*	*14/15 End of Year Projections*	*15/16 Proposed Budget*	*% Change (15/16 budget to 14/15 End of Year Projections)*
Revenue	$ 13,889,496	$ 14,060,937	$ 14,408,763	$ 19,685,300	36.62%
Expenses	$ 13,681,891	$ 14,227,251	$ 17,201,569	$ 19,344,521	12.46%
Reserves*	$ 8,849,889	$ 8,683,575	$ 6,057,083	$ 6,397,862	5.63%

*At end of FY

Reserve Policy Levels
Min $9,672,261
Max $19,344,521

This is a pass-through fund for fixed charges associated with the State Water Project.
The proposed expense budget for this fund is $19.3M and the projected end-of-year reserves are $6.4M. The FY 15/16 projected expenses are $2.1M greater than the FY 14/15 end-of-year projections, based on the California Department of Water Resources' (DWR) statement of charges (SOC) for 2015 and DWR's estimates for 2016. In June 2014, DWR announced that they were experiencing cash flow issues and presented the State Water Contractors (SWC) with a 2015 Statement of Charges (SOC) proposing to cover the majority of the shortfall. DWR stated that the primary reason for the cash flow issue was a large salary increase for DWR employees as well as an increase in DWR's number of full time employees working on the State Water Project. The other factor affecting this fund is a reimbursement/credit of approximately $1.2M that we

expected to receive in 2015 for the SBA Enlargement/Improvement project, but wasn't in the 2015 SOC. Zone 7 prepaid the initial costs of the project (around $6M) to launch it and DWR had stated that we would in turn be reimbursed via the 2015 SOC. This project is split 20% in this fund (110) and 80% in Fund 130. This Fund will eventually receive 20% of the $6M credit, which is approximately $1.2M. Because timing of the credit is unclear, the credit is not in the FY 15/16 budget. Projected FY 15/16 revenues are increasing $5.3M over the FY 14/15 end-of-year projections due to the increased property tax needed to pay for the increase in DWR charges.

There are two options for increasing revenues to cover this shortfall. One option is to spike up the property tax levy significantly in FY 15/16 to fully cover the shortfall in this fund. The other option is to smooth out the property tax increase to pay for the shortfall by using reserves this year and stepping up the increase half this year and half next year. Staff recommends smoothing out the property tax increase over two years and to continue monitoring DWR's invoices and re-bills. The proposed property tax levy for FY 15/16 is $16.5M.

Taking this approach, the projected reserve balance at the end of FY 15/16 is $3.3M significantly below the Board-approved minimum reserve level target.

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

Category	*13/14 Audited Actual*	*14/15 Amended Budget*	*14/15 End of Year Projections*	*15/16 Proposed Budget*	*% Change (15/16 budget to 14/15 End of Year Projections)*
Revenue	$ 6,579,116	$ 6,505,936	$ 6,546,087	$ 6,709,984	2.50%
Expenses	$ 15,673,828	$ 14,279,561	$ 9,482,545	$ 13,276,559	40.01%
Reserves*	$ 15,260,267	$ 7,486,642	$ 12,323,809	$ 5,757,234	-53.28%

*At end of FY

Reserve Policy Levels
Min $1,816,955 (Operating Reserve)
Max N/A

The proposed expenses for this fund are $13.3M and projected reserves at the end of FY 15/16 are $5.8M. The FY 15/16 expenses are increasing $3.8M compared to the FY 14/15 end-of-year projections due to planned Flood Control activities. The FY 15/16 proposed revenues are increasing by $0.16M over FY 14/15 end-of-year projections due to increased property tax revenue estimate of 4.5% (provided by the Alameda County Assessor's Office).

Reserves are decreasing by $6.6M due to the planned use of the fund balance. Of the $5.8M reserve balance at the end of FY 15/16, $4.5M is for the Operating Reserve. This amount is $2.7M above the Board-approved minimum reserve for Operating Reserve. The remaining $1.2M includes $1M for the Sinking Fund Reserves and $0.2M for Capital Project Reserves.

CAPITAL BUDGETS:

The Zone 7 Board adopts the operating budgets along with budgets for the three capital funds below (Funds 120, 130 and 210). The FY 15/16 Capital Improvement Program (CIP) was last adopted by the Board in October 2014. The resulting approved project budgets are included in the proposed FY 15/16 capital budget.

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

Category	*13/14 Audited Actual*	*14/15 Amended Budget*	*14/15 End of Year Projections*	*15/16 Proposed Budget*	*% Change (15/16 budget to 14/15 End of Year Projections)*
Revenue	$ 8,957,719	$ 13,129,324	$ 13,322,244	$ 7,433,460	-44.20%
Expenses	$ 15,247,494	$ 13,236,048	$ 11,492,580	$ 19,404,102	68.84%
Reserves*	$ 18,690,974	$ 18,584,250	$ 20,520,638	$ 8,549,996	-58.33%

*At end of FY

Reserve Policy Levels
Min $31,950,000 (Capital Project Reserve)
Max N/A

The proposed expense budget for Fund 120 in FY 15/16 is $19.4M and projected reserves at the end of FY 15/16 are $8.5M, well below the minimum reserve policy level. The FY 15/16 expenses are increasing by $7.9M compared to the FY 14/15 end-of-year projections due to capital projects approved in October 2014. The FY 15/16 revenue budget is $7.4M, decreasing by $5.9M compared to the FY 14/15 end-of-year projections due to a $5.8M lower transfer from the Water Enterprise Fund (Fund 100) to the Renewal/Replacement & System-wide Improvement Fund (Fund 120). Reserves are decreasing by $12M due to the decreased transfer and planned capital projects.

Of the $8.5M reserve balance at the end of FY 15/16, $4.2M is for the Capital Project Reserve. This amount is $27.7M below the Board-approved minimum reserve, driven by large CIP amounts approved for FY 16/17 and FY 17/18. The remaining $4.3M reserve balance is for the Sinking Funds. Depending on feedback received as part of the Cawelo bond refinancing, Zone 7 may want to defer some projects. This discussion will likely take place as part of a larger financial discussion in late summer.

Water Enterprise Expansion – Fund 130 (formerly Fund 73)

Category	*13/14 Audited Actual*	*14/15 Amended Budget*	*14/15 End of Year Projections*	*15/16 Proposed Budget*	*% Change (15/16 budget to 14/15 End of Year Projections)*
Revenue	$ 24,228,649	$ 22,042,020	$ 23,839,836	$ 26,210,826	9.95%
Expenses	$ 22,526,965	$ 22,352,045	$ 25,581,620	$ 24,347,176	-4.83%
Reserves*	$ 33,346,252	$ 33,036,227	$ 31,604,468	$ 33,468,118	5.90%

*At end of FY

Reserve Policy Levels
Min $12,000,000 (Capital Project Reserve)
Max N/A

The proposed expense budget for this fund is $24.3M and projected reserves at the end of the fiscal year are $33.5M. The FY 15/16 expenses are decreasing by $1.2M compared to the FY 14/15 end-of-year projections. DWR's cash flow issue mentioned above in Fund 110 also impacts this fund. This Fund will eventually receive 80% of the $6M credit, which is approximately $4.8M. Because the timing of the credit is unclear, the credit is not in the FY 15/16 budget.

The proposed FY 15/16 revenue budget is $26.2M, increasing by $2.4M compared to FY 14/15 end-of-year projections primarily due to an increase in projected connection fee revenue as the local economy continues to improve. Projected reserves at year-end are increasing by $1.9M.

Of the $33.5M reserve balance at the end of FY 15/16, $19.7M is for the Capital Project Reserve. This amount is $7.7M above the Board-approved minimum reserve for this fund. The remaining $13.8M reserve balance is for the Sinking Funds.

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

Category	*13/14 Audited Actual*	*14/15 Amended Budget*	*14/15 End of Year Projections*	*15/16 Proposed Budget*	*% Change (15/16 budget to 14/15 End of Year Projections)*
Revenue	$ 4,887,165	$ 2,646,500	$ 2,630,098	$ 2,861,500	8.80%
Expenses	$ 4,029,267	$ 7,022,157	$ 6,139,707	$ 5,178,863	-15.65%
Reserves*	$ 41,506,429	$ 37,130,772	$ 37,996,820	$ 35,679,457	-6.10%

*At end of FY

Reserve Policy Levels
Min N/A
Max N/A

The proposed expense budget for this fund is $5.2M and projected reserves at the end of the fiscal year are $35.7M. The FY 15/16 expenses are decreasing $1M over FY 14/15 end-of-year projections due to planned capital project activities. The proposed FY 15/16 revenues are increasing by $0.2M due to a slight increase in development. Reserves are decreasing by $2.3M due to increased capital project activities.

SUMMARY OF TOTAL ZONE 7 BUDGETS:

Category	*13/14 Audited Actual*	*14/15 Amended Budget*	*14/15 End of Year Projections*	*15/16 Proposed Budget*	*% Change (15/16 budget to 14/15 End of Year Projections)*
Revenue	$ 95,021,903	$ 92,845,779	$ 92,353,937	$ 97,453,706	5.52%
Expenses	$ 108,684,464	$ 121,274,281	$ 116,550,814	$ 124,170,523	6.54%
Reserves*	$ 148,104,521	$ 119,676,019	$ 123,907,644	$ 97,190,826	-21.56%

*At end of FY

Exhibit A - FY 15/16 Annual Budget by Account Classification

	FY 15/16 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	Water Enterprise System Fund Totals
1	Available Fund Balance July 1, 2014	$ 30,450,709	$ 8,849,889	$ 18,690,974	$ 33,346,252	$ 91,337,825
2	FY 14/15 Projected Change in Fund Balance (Revenue over Expenses)	(15,045,884)	(2,792,806)	1,829,664	(1,741,784)	(17,750,810)
3	FY 14/15 Budgeted Change in Fund Balance (Revenue over Expenses)[1]	(15,219,547)	(166,314)	5,550,433	2,556,882	(7,278,546)
4	Estimated Beginning Fund Balance July 1, 2015	15,404,825	6,057,083	20,520,638	31,604,468	73,587,015
5	**Revenue**					
6	Water Sales & Service	34,191,645	1,521,620			35,713,265
7	Property Taxes		16,650,000			16,650,000
8	Development Fees			375,960	22,826,757	23,202,717
9	Charges for Services	131,500		2,500		134,000
10	Aid from Governmental Agencies - State	-	45,000			45,000
11	Aid from Governmental Agencies - Local		610			610
12	Investment Earnings	90,000	30,000	55,000	264,069	439,069
13	Rents and Royalties	65,263				65,263
14	Other Revenue	74,228	1,438,070		3,120,000	4,632,298
15	*Subtotal (before transfers)*	*34,552,636*	*19,685,300*	*433,460*	*26,210,826*	*80,882,222*
16	Transfers			7,000,000		7,000,000
17	**Total Revenue**	**34,552,636**	**19,685,300**	**7,433,460**	**26,210,826**	**87,882,222**
18	**Expenses**					
19	Labor and Benefits Distributed	$16,173,433		1,222,684	141,011	17,537,128
20	Credits/Charges for Applied Overhead	($2,583,665)		1,317,816	280,389	(985,460)
21	Purchased Services	$4,360,785		4,328,500	1,902,906	10,592,191
22	Water	$7,566,114	19,344,521		20,906,541	47,817,176
23	Chemicals	$2,432,413				2,432,413
24	Energy	$1,929,277				1,929,277
25	Communications	$177,150				177,150
26	Cleaning Services	$40,351				40,351
27	Repairs and Maintenance	$2,802,229				2,802,229
28	Rental Services	$118,900		560,102	435,635	1,114,637
29	General Office Services/ Supplies[2]	$593,678		-		593,678
30	Organizational Membership/ Participation	$471,381			694	472,075
31	Other Services/ Supplies	$416,197		260,000	5,000	681,197
32	Training and Travel[3]	$405,525				405,525
33	Special Departmental Expense/Capital Projects	$587,835		750,000	650,000	1,987,835
34	Capital Projects					
35	Equipment, Furniture and Vehicles	$127,700		120,000		247,700
36	Land and Facility Improvements			10,845,000	25,000	10,870,000
37	Debt Service					
38	*Subtotal (before transfers)*	*$35,619,302*	*19,344,521*	*19,404,102*	*24,347,176*	*98,715,101*
39	Transfers	7,000,000				7,000,000
40	**Total Expenses**	**42,619,302**	**19,344,521**	**19,404,102**	**24,347,176**	**105,715,101**
41	Estimated Ending Fund Balance June 30, 2016	7,338,159	6,397,862	8,549,996	33,468,118	55,754,135
42	**Reserve Balances**					
43	Operating	3,122,788	6,397,862			9,520,650
44	Rate Stabilization	1,968,911				1,968,911
45	Emergency	2,246,460				2,246,460
46	Drought Contingency	0				0
47	Capital Projects			4,247,542	19,704,462	23,952,004
48	Sinking Funds - FY 14/15 Contributions					
49	*Building Sinking Fund*			*417,824*	*520,200*	*938,024*
50	*Future Contractor's Share of the South Bay Aqueduct*				*548,145*	*548,145*
51	*South Bay Aqueduct Enlargement*				*1,116,627*	*1,116,627*
52	Sinking Funds Reserve Balance			4,302,454	13,763,656	18,066,110
53	**Total Reserves (lines 43+44+45+46+47+52)**	$ 7,338,159	$ 6,397,862	$ 8,549,996	$ 33,468,118	$ 55,754,135
54	Change in Fund Balance[4] (use of reserves) - line 53 minus line 4	(8,066,666)	340,779	(11,970,642)	1,863,650	(17,832,880)

Notes:

[1] Line 3 is for comparative purposes only.

[2] General Office Service/Supplies include the Records Management System project that has been delayed a couple of years.

[3] Training/Travel includes training for current and new staff. Due to the popularity of webinars (on-line training), actual training costs are less expensive.

[4] In order to achieve a balanced budget, use of reserve as shown in line 54 will be appropriated as revenue.

Exhibit A - FY 15/16 Annual Budget by Account Classification

	FY 15/16 PROPOSED BUDGET	Fund 200 Flood Protection/ General Fund	Fund 210 Flood Protection Development Impact Fees	Flood Control Fund Totals	Grand Total
1	Available Fund Balance July 1, 2014	$ 15,260,267	$ 41,506,429	$ 56,766,696	$ 148,104,521
2	FY 14/15 Projected Change in Fund Balance (Revenue over Expenses)	(2,936,458)	(3,509,609)	(6,446,067)	(24,196,877)
3	FY 14/15 Budgeted Change in Fund Balance (Revenue over Expenses)[1]	(3,910,156)	(3,108,775)	(7,018,931)	(14,297,477)
4	Estimated Beginning Fund Balance July 1, 2015	12,323,809	37,996,820	50,320,629	123,907,644
5	**Revenue**				
6	Water Sales & Service				35,713,265
7	Property Taxes	6,472,129		6,472,129	23,122,129
8	Development Fees		2,656,500	2,656,500	25,859,217
9	Charges for Services	47,650		47,650	181,650
10	Aid from Governmental Agencies - State	54,000		54,000	99,000
11	Aid from Governmental Agencies - Local	10,700		10,700	11,310
12	Investment Earnings	30,000	180,000	210,000	649,069
13	Rents and Royalties	60,505		60,505	125,768
14	Other Revenue	35,000	25,000	60,000	4,692,298
15	*Subtotal (before transfers)*	*6,709,984*	*2,861,500*	*9,571,484*	*90,453,706*
16	Transfers				7,000,000
17	**Total Revenue**	**6,709,984**	**2,861,500**	**9,571,484**	**97,453,706**
18	**Expenses**				
19	Labor and Benefits Distributed	1,488,553	429,057	1,917,610	19,454,738
20	Credits/Charges for Applied Overhead	752,477	232,983	985,460	(0)
21	Purchased Services	3,209,594	1,266,065	4,475,659	15,067,850
22	Water				47,817,176
23	Chemicals				2,432,413
24	Energy				1,929,277
25	Communications	5,592	328	5,920	183,070
26	Cleaning Services	6,000		6,000	46,351
27	Repairs and Maintenance	2,818,293		2,818,293	5,620,522
28	Rental Services	157,418	126,518	283,936	1,398,573
29	General Office Services/ Supplies[2]	12,500		12,500	606,178
30	Organizational Membership/ Participation	118,000		118,000	590,075
31	Other Services/ Supplies	484,915	287	485,202	1,166,399
32	Training and Travel[3]	18,100		18,100	423,625
33	Special Departmental Expense/Capital Projects	13,332	250,000	263,332	2,251,167
34	Capital Projects	4,191,785		4,191,785	4,191,785
35	Equipment, Furniture and Vehicles				247,700
36	Land and Facility Improvements		2,873,625	2,873,625	13,743,625
37	Debt Service				
38	*Subtotal (before transfers)*	*13,276,559*	*5,178,863*	*18,455,422*	*117,170,523*
39	Transfers				7,000,000
40	**Total Expenses**	**13,276,559**	**5,178,863**	**18,455,422**	**124,170,523**
41	Estimated Ending Fund Balance June 30, 2016	5,757,234	35,679,457	41,436,691	97,190,826
42	**Reserve Balances**				
43	Operating	4,542,387		4,542,387	14,063,037
44	Rate Stabilization				1,968,911
45	Emergency				2,246,460
46	Drought Contingency				0
47	Capital Projects	185,051	34,670,196	34,855,247	58,807,251
48	Sinking Funds - FY 14/15 Contributions				
49	*Building Sinking Fund*	*92,850*	*92,850*	*185,700*	*1,123,724*
50	*Future Contractor's Share of the South Bay Aqueduct*				*548,145*
51	*South Bay Aqueduct Enlargement*				*1,116,627*
52	Sinking Funds Reserve Balance	1,029,796	1,009,261	2,039,057	20,105,167
53	**Total Reserves (lines 43+44+45+46+47+52)**	$ 5,757,234	$ 35,679,457	$ 41,436,691	$ 97,190,826
54	Change in Fund Balance[4] (use of reserves) - line 53 minus line 4	(6,566,575)	(2,317,363)	(8,883,938)	(26,716,818)

Notes:

[1] Line 3 is for comparative purposes only.

[2] General Office Service/Supplies include the Records Management System project that has been delayed a couple of years.

[3] Training/Travel includes training for current and new staff. Due to the popularity of webinars (on-line training), actual training costs are less expensive.

[4] In order to achieve a balanced budget, use of reserve as shown in line 54 will be appropriated as revenue.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby approve the following budgets, including revenue, expenses and the use of fund balance for Fiscal Year 2015/16 (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 does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7, where applicable; 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 2015/16 a property tax within the District sufficient to raise the sum of $16,500,000 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 Fund 110, a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 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 does hereby approve the personnel actions, if any, as contained in the Zone 7 Budget for Fiscal Year 2015/16 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 20, 2015.

By: ___________________________________
President, Board of Directors

SUMMARY NOTES OF THE FINANCE COMMITTEE
ZONE 7 BOARD OF DIRECTORS

April 23, 2015
4:00 p.m.

Directors present:	Sandy Figuers Angela Ramirez Holmes Sarah Palmer
Staff present:	Jill Duerig, General Manager Hossein Golestan, Financial Consultant Tamara Baptista, Finance Manager Amanda Rogers, Administrative Assistant

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

1. Public Comment - None

2. Reserve Policy Discussion

General Manager Jill Duerig introduced Robert Porr, a financial consultant from Fieldman, Rolapp and Associates, who put together Zone 7's reserve policy.

Mr. Porr gave an overview of the reserve policy. He explained that the reserve policy is a financial foundation that establishes a savings plan and is linked to Zone 7's budget and capital improvement program. Director Figuers asked if Zone 7 has a problem with money not coming in on time. Mr. Porr replied that money is going out faster than it is coming back into the reserves.

Mr. Porr said that the reserves are going to fluctuate from year to year; and each year the reserves must be scrutinized based on current status, changes from previous years, and future agency goals. The objective is to establish a reserve policy that meets Zone 7's three service functions: flood control, fixed costs for the State Water Project, and the water enterprise. Different reserve funds were created based upon the expected use of those reserves. In the policy, minimum and maximum levels are established as a warning signal. If a fund has reached its maximum level, flexibility is built into some of those funds which allow for movement to other funds that might be closer to their minimum.

Mr. Porr continued his presentation with an overview of the fund structure. On the liquidity side, the operating reserve was designed with a minimum of 32 days and maximum of 90 days, which is considered fairly strong by the rating agencies. The emergency reserve is based on Zone 7 assets that come from FEMA. They recommend 1% to 2% of net assets be set aside for an emergency fund. Mr. Porr said that 1% to 2% was a little low. They recommended a minimum of 1% and a maximum of 3% with a target of 2% of assets set aside in the emergency fund. Director Ramirez Holmes asked if the FEMA number has changed. Mr. Porr replied that it has not.

Director Palmer requested a correction to the reserve policy overview. The overview states that maximum guidelines of 3% are based on current FEMA guidelines; however, current FEMA guidelines are from 1% to 2%.

Mr. Porr continued his presentation explaining that the rate stabilization fund's purpose is to offset lowered revenues or higher expenses based on new regulations or something that's going to impact revenues and expenses over a long period of time, allowing step-increases in rates to be adopted instead of sudden big jumps. Director Figuers asked what is considered long term. Mr. Porr replied that for the operating reserve, it's a year. For the rate stabilization fund, it's greater than two years. The rate stabilization fund is based on a percentage of revenues.

Mr. Porr stated that the drought contingency reserve was designed to be between 7% and 20% of budgeted annual water sales. Director Figuers asked if the drought contingency includes other natural disasters such as earthquakes and floods. Mr. Porr replied that it does. Director Figuers questioned the need for other natural disasters to be included in the drought contingency reserve since Zone 7 already has reserves for other natural disasters such as floods. Mr. Porr replied that the drought reserve was designed classically for the drought and was described in the Urban Water Management Plan as the agency's financial backup for lost revenues should conservation be needed.

Mr. Porr discussed the capital improvement reserve fund, stressing that dollars set aside for future improvements should be invested to receive interest that is very close to inflation. If it's not, an additional funding gap is created which must be closed with the rate base. Under the California Government Code, districts and agencies are restricted to U.S. treasuries and highly-rated corporate notes. Ms. Duerig clarified that Zone 7 doesn't do the investing. The county does it on Zone 7's behalf.

Director Palmer stated that there's always the potential for losing money if you're investing. Mr. Porr replied that there is that possibility, but the Government Code is fairly strict on what government agencies in California can invest in. It's very conservative. Director Ramirez Holmes asked if there are conservative investments getting more than 1% at this point. Mr. Porr replied that there were not very many, unfortunately. Director Palmer asked if there are investments that are considered safe and that do keep up with inflation. Mr. Porr replied that in normal economic environments, yes, but since the Feds reduced interest rates, short-term rates are near a quarter to zero percent to help the economy recover. Director Figuers asked what was considered normal interest rates. Mr. Porr replied that before the Fed intervened, interest rates were closer to 4 ½%.

Director Ramirez Holmes asked if Zone 7's reserves were adequate for debt financing. Mr. Porr responded that based on Zone 7's 2004 CIP, the repair and replacement, system-wide improvement fund is inadequate for the expected project capital expenses. Zone 7 is down to approximately $79 million in reserves. This will affect Zone 7's standing with rating analysts in the future; and will require Zone 7 to provide specific details on how the agency intends to complete its capital projects.

Director Ramirez Holmes questioned a financial plan provided by Feldman, Rolap & Associates back in September of last year that stated that Zone 7 had a favorable credit rating. Mr. Porr said that it was just a sample, which Tamara Baptista, Finance Manager, confirmed. Ms. Duerig stated that previously the Board had asked if they would like a similar report generated by staff rather than bringing in a consultant. However, because of being staff light, Zone 7 has not been able to do that; nor is it known if staff can do it or has the expertise. No action had been taken to bring a consultant in per the Board's request.

Director Figuers questioned the need for minimum amounts since the money sits there and can never be touched. He also asked why there are multiple funds instead of one big fund. Mr. Porr stated that the minimums are there to provide additional liquidity in case a second event occurs. If funds were to go to zero, there would be no reserve funds. Director Figuers suggested raising rates if that happened. Mr. Porr replied that there could be a significant period of time between when rates are raised and when those monies started to come in, and there would be no money in the interim. Director Figuers suggested tapping other funds such as flood control, which would be a more efficient use of the agency's funds.

Mr. Porr indicated that when rating analysts look at the agency from a credit perspective, they want to see a minimum amount of cash on hand at all times to cover the next emergency, however unlikely that might be. Director Ramirez Holmes questioned if the agency's $122 million was enough and asked which funds can be lumped. Mr. Porr replied that because Zone 7's philosophy is to never borrow money, the reserve policy has been designed with a lot of money in capital reserves and much less in operational liquidity since capital projects are very important to the agency. Zone 7 does have the flexibility to move funds between its capital fund and operational liquidity reserve within the water enterprise.

Director Ramirez Holmes asked if flood control's reserve can be touched. Hossein Golestan, financial consultant, replied that because flood control is funded from two sources (a percentage of property taxes and developer impact fees), flood control money cannot be used for other purposes. There are restrictions. Because of those restrictions the reserves are not necessarily where they should be. The agency doesn't have the flexibility of lumping them together into one or two big pots. Mr. Golestan pointed out that while the agency has no direct or bonded debt, the fixed charges from the state have to be paid. That makes Zone 7 heavily leveraged in a different way.

Director Ramirez Holmes said that Fund 120's reserve minimum was $9.8 million dollars last year. This year it is at $31.9 million. That is a huge jump and because of it the agency is now under the minimum. She questioned whether minimum is enough. Director Figuers suggested getting rid of the term minimum and using the term working value. Mr. Porr said that the reserve policy was created as a flexible document to meet capital needs, so if moving projects forward or new regulations such as chromium six arise, then increased rates are designed so that the dollars are available to meet these capital needs.

Director Ramirez Holmes asked about the length of time for which an interim policy is kept. Ms. Duerig replied that staff had proposed an interim policy because they wanted to try it out for a few years. She suggested that until the agency gets an AGM Finance who is able to focus on this, the policy should not be finalized. The financial plan is needed first, but that shouldn't preclude modifying the policy based on what staff is learning.

Director Figuers asked how often the agency gets mandates handed down from local government that cost the agency money. Ms. Duerig responded saying that it is never known which regulations are going to hit the agency, but there's probably a regulation for a new water quality parameter or a new treatment or distribution requirement every two to three years.

Director Figuers asked what these past impositions roughly cost the agency per occurrence. Ms. Duerig answered that if we're talking treatment changes, it's in the $30 to $50 million dollar range for a big process change at one of the treatment plants. Mr. Porr added that it probably includes increased O&M expenses as well. It's just not a one-time capital expenditure but, also, ongoing increases in expenses to operate and maintain the new process or system.

Direct Ramirez Holmes asked if funds from Fund 130 can be transferred to Fund 120. Mr. Golestan replied that money from Fund 130 cannot be transferred. Director Ramirez Holmes asked what that money is used for. Mr. Golestan replied that it is used to serve new development. Projects that serve both new and existing customers share the expenses between the funds based on the relative benefits.

<u>Public Comments:</u>

Dan Martin, City of Pleasanton, said that the recent Capistrano case shows that when establishing rates, a clear line must be drawn back to cost of service. A grey area arises when trying to explain to the customer how they must pay now for a project that they may or may not benefit from down the road. That goes back to pay-as-you-go versus debt financing. Who's really paying for the service they receive? Pleasanton doesn't charge customers for projects that don't benefit them. They do debt financing. Mr. Martin is wondering if Zone 7 is able to draw that nexus and if the agency is comfortable with where it is positioning itself with the reserve policy and ratepayer equity on that issue. Ms. Duerig responded that the Capistrano case was based on a tiered-rate structure by a retailer. It was a very different case. In that case the water agency refused to cooperate with the court. Ms. Duerig said she had discussed with General Counsel and expressed doubts that the Capistrano case applies to Zone 7's pay-as-you-go policy.

John Archer, DSRSD, commented that DSRSD is going through these same issues now. They are looking at when they are asking people to pay for future projects; but reserves are needed to get started. There's a balancing act. DSRSD isn't quite there yet, but it's a discussion they're having right now. Commenting on the capital plan, DSRSD was using a two-year budget cycle window but now they are looking into an even longer window. Mr. Archer added that he would never go to zero because it leaves one vulnerable if another emergency arises.

3. Possibility of Cawelo Refinance

Ms. Duerig said the Cawelo refinance idea came from Mr. Golestan and Ms. Baptista to refinance, taking advantage of the low interest rates and possibly saving Zone 7 money. Fieldman, Rolapp & Associates was brought in to do a double check and provide additional advice.

Mr. Golestan provided background information on the Cawelo agreement for water storage and banking. Cawelo issue a $21 million dollar bond with the agreement that Zone 7 would reimburse them for the debt service on those bonds. Annually, Zone 7 pays approximately $1.3 million to Cawelo. The bonds will mature in 2035. The interest rates range from 4% to 4 ½ %. Wells Fargo, underwriter for the original bonds, did an initial analysis which revealed potential savings. Cawelo has been agreeable to the refinancing. Of the original $21 million, $17 million of the debt is outstanding. Zone 7's payments are the only security for that debt, therefore, rating agencies are interested in Zone 7's financial strength.

Ms. Duerig said bond insurance can be used to strengthen ratings. Ms. Duerig asked Mr. Porr to explain that. Mr. Porr explained that there are insurance companies that provide guarantees on principle and interest on municipal bonds. The underwriter has contacted three of these companies. Two have AA credit ratings, which is the highest of any of the bond insurers. Inquiries are being made as to whether the insurance companies would provide bond insurance for the transaction without requiring Zone 7 to get an independent credit rating from one of the rating agencies. A response is expected by Friday, May 1, as to whether the bond insurer is agreeable.

Director Palmer asked about the advantage of getting the bond insured as opposed to straight refinancing. Mr. Porr answered that in the event that Zone 7's rating was less than AA, there could be a benefit to paying the insurance premium, purchasing the bond insurance, and selling the bonds with a AA rating. Director Palmer asked who would be buying the bond insurance. Mr. Porr replied that technically it would be Cawelo. This option offers an advantage because there is the possibility that the agency may not get a AA credit rating, which would make refinancing not cost effective.

Director Ramirez Holmes stated that if the agency is looking at getting financing for capital projects down the road, we will have to get a rating anyway. So why not get one now? Mr. Porr replied that there is a possibility that because of reserves being spent down over the last few years, Zone 7 might not get a rating in the single A category or better. Staff wants to see if the bond insurers would provide the bond insurance without the rating. That gives Zone 7 a year or two to shore up its credit.

Director Ramirez Holmes asked if Zone 7's credit rating was in jeopardy. Mr. Porr said that Zone 7 does not officially have a credit rating. In 2006, the agency was given an assessment by Standard and Poor's of a medium grade rating, which translates to possibly a BBB or A- rating. Ms. Duerig commented Zone 7 will not pursue this course if it doesn't save the agency money.

Mr. Archer commented that DSRSD had similar debt in 2009. DSRSD found out that the ratings are only as good as the insurance carrier. If the insurance carrier fails, there is the possibility of running into trouble with the debt. There is a risk. Mr. Porr asked if DSRSD had floating-rate debt. Mr. Archer confirmed that it was a floating rate.

Mr. Porr said that the agency is contemplating fixed-rate debt. With floating-rate debt, interest rates change every week as opposed to fixed-rate debt where the interest rate is fixed for the life of the bond. The demise of the insurance carrier in a fixed-rate coupon scenario becomes the investor's risk, not the agency's. The qualitative concern is the drought, so a new water agency coming to rating agencies now is going to have a difficult story to tell. Considering that, it is advantageous to consider this option with the bond insurers to see if they will do it without the rating. At issue right now is the negative attitude held toward California water by the rating agencies; so the agency would need time to craft its story before applying for a credit rating. Ms. Duerig added that the insurers do the equivalent of an internal rating. Mr. Porr confirmed that and said there is a possibility that they might assign a higher rating than the credit rating agencies.

4. FY 15/16 Proposed Budget

Mr. Golestan said that his presentation is for a preliminary budget for fiscal year 2015/2016. The objective of this presentation is to have an early discussion with the finance committee. The budget is still under review by executive management so it is not yet in its final form to go to the Board. The numbers in the budget are preliminary. Included in this presentation is a budget schedule, which is also incomplete at this time. The major factors affecting the budget are: 1) the drought, 2) water conservation, 3) state water project charges, 4) the local economy, and 5) the Asset Management Program (AMP).

Director Figuers asked why it's projected that Zone 7 will sell more water this year than last year. Mr. Golestan replied that one reason might be because the agency has a higher allocation from the state than last year. Ms. Duerig added that it's an educated guess. A budget is a plan.

Mr. Golestan continued the discussion giving budget highlights. Tamara noted that one of the slides was incorrect and that the emergency reserve is actually $2.2 million.

Director Ramirez Holmes expressed concern that the labor and overhead category is over budget every single year. Mr. Golestan said staff would research that. Ms. Duerig noted that this is not the first year of the drought, so staff is being pulled from capital projects to work on drought-related issues. The same amount of labor is there; it's just shifted from one fund to another.

Mr. Porr noted that on slide 11 there is a structural deficit in FY13/14. Revenues are less than expenses. Also, in FY14/15 year-end projections, revenue is $31.6 million and expenses are over $46 million. He stated that staff is proposing a budget deficit as well, which will amount to a third consecutive year with a structural deficit. With respect to the rating agency process, one of the things they look at is cash flow. They typically expect expenses to exceed revenues by maybe 25%. That's an important credit feature to the rating agencies. They also look at the fact that Zone 7 is using reserves instead of raising rates. This is exasperated when they look at what the agency is paying in fixed charges. They look at what the agency's ratio is between net revenues versus debt service or fixed component charges. That is a key metric.

Directed Figuers interjected that the rating agencies treat Zone 7 like a business, expecting the agency to make a profit every year no matter what is spent, even if it's been saved up for decades. Mr. Porr replied yes, that is the foundation of credit.

Director Palmer left at 6:30 p.m.

Director Ramirez Holmes asked about the replenishing plan. Ms. Duerig replied that Zone 7 has already reduced storage in Cawelo, Semitropic, and the local groundwater basin. These will need to be replenished. This budget item assumes that Zone 7 starts replenishing, that next year is a normal year, and that water is available from either an increased allocation, through multi-year pool purchases, or through the Yuba Accord. But we can't keep taking out of the water banks without replenishing it. Director Ramirez Holmes asked if the agency is required to put back 26,000 AF in FY15/16? Ms. Duerig replied that there is no requirement. It's prudent water management.

Director Figuers commented that it sounds like Zone 7 has no more outside storage available to us. Ms. Duerig replied that Zone 7 hasn't depleted Semitropic and Cawelo completely, but the storage has been diminished, as has the local groundwater basin. They are all lower than they were five to ten years ago, depending on whether this is considered a four-year drought or a nine-year drought.

Director Figuers asked what percentage of Cawelo and Semitropic storage was reduced from their maximum that we're allowed to have or what we've had max historically in the past. Ms. Duerig replied that Cawelo was only started in 2006. The capital improvements are not completed, so Zone 7 has not achieved maximum storage to date. The agency has taken out less than it has put in. Since 2006 – in nine years – which have been mostly drought years, Zone 7 has only been able to put in a little water. Zone 7's goal with Cawelo was to be in a filling mode after storage was purchased. Semitropic let us put more water in the bank than our contract amount allowed. Part of that was because they had not fully allocated the banking space, so since we were an existing contractor, we were allowed to put more water in under the same terms.

Director Figuers asked how much Semitropic has been reduced. Ms. Duerig replied probably about a third. The local groundwater basin is at about 56% of operating storage level.

Director Ramirez Holmes expressed concern about Fund 100 reserves dropping to $3.3 million but then showing a shortfall because more had been spent than approved. So where did the other expenses come from? Ms. Baptista replied that the other expenses came from DWR cash flow issues that were announced the same day the budget was adopted so they weren't included. So Zone 7's expenses are $3 million dollars higher than what was planned.

Director Ramirez Holmes said Fund 120's proposed budget passed by the Board was $7.5 million, then there is an amended budget. Is that the carryover for budgets? Ms. Baptista replied that the budget includes the adopted budget plus any carryovers and any additional appropriations that went to the Board.

Director Ramirez Holmes questioned why the CIP fund seemed high since the agency is not getting all its projects done in time. Ms. Baptista explained that at the end the year, anything that isn't spent gets carried forward into the next year.

Director Ramirez Holmes asked how much money Zone 7 really needs for capital projects when we are overly optimistic in how much we can get done. Ms. Duerig replied that it's an iterative process. If we had planned on borrowing money, for instance, and can't borrow it, we're going to have to figure out projects to defer. Our CIP plan assumed that we'd have to borrow money. There will have to be a discussion.

Director Figuers asked what time of year or approximate date that the FY14/15 end-of-year projection was made. Ms. Baptista said they were working on it all the way to April. It's not continuous. When we present the budget it stops at a certain point in time. Director Figuers asked when is the FY14/15 amended budget sort of completed? Ms. Baptista replied that it can be all the way up to June as long as the Board approves any additional appropriation that budget can change. Director Figuers said so this number is basically as of a day or two ago. Ms. Baptista replied, yes, correct.

Director Figuers asked if the FY13/14 audited number were from October of last year? Ms. Baptista clarified that it's audited after the auditors do the presentation to the Board, meaning in

December of last year. Mr. Golestan added that the numbers are as of June 30. These do not change except for accrual expenses or revenue related.

Director Ramirez Holmes asked for an explanation about the huge jump in the budget over the last few years. Ms. Duerig explained that there are lots of reasons. We've seen chemical costs and power costs going up. Even more than that DWR's costs are going up. Director Figuers asked if we should anticipate in the range of $100 million in unanticipated expenses every five years or so and Ms. Duerig responded in the affirmative.

Director Ramirez Holmes noted that the Board approved a budget of $107 million and the end-of -year projected expenses were $116 million. Director Figuers clarified that we had about a 9% increase. Director Ramirez Holmes commented that those are not controlling costs. The board did not approve the $116 million, they approved the $107 million. Ms. Baptista said that it's a combination of additional appropriations from this year plus carryover from last year. So the approval was done last year when the Board approved the budget for FY13/14 and then unspent balances for capital projects and any open purchase orders and encumbrances get carried forward on all funds.

Director Palmer returned at 7:04 p.m.

Director Figuers asked if staff could amend the monthly budget report with a notation stating when budget amendments were made.

Director Ramirez Holmes asked what the professional services line item includes. Ms. Baptista responded that it includes accounting services as well as financial management services, auditor services, drafting services, surveying services, engineering type services, all professional service including legal.

Director Ramirez Holmes asked why training and travel are going up. Ms. Duerig answered that Zone 7 is trying to grow staff. We have staff approaching retirement over the next five to ten years and we're trying to provide more training to staff so they can step into those positions.

Director Ramirez Holmes asked what is included in special department expense. Ms. Baptista responded that water conservation is in there so all the rebate programs are in there, as are the election expenses.

<u>Public Comments</u>

Dan Martin, City of Pleasanton, said that one of the obvious results of the drought is reductions in revenues. Everyone is experiencing that. It's necessary to reprioritize projects.

5. Verbal Reports - None

6. Adjournment

Since there were no further issues or comments, the meeting was adjourned at 7:12 p.m.

Zone 7/DSRSD/Livermore/Pleasanton/Cal Water Liaison Committee Meeting

Zone 7 Water Agency
Boardroom
100 N. Canyons Pkwy.
Livermore, CA 94551

Monday, April 27, 2015
4:00 p.m.

Meeting Notes

Zone 7 Directors:	Dick Quigley Jim McGrail (Not present) Sarah Palmer
DSRSD Directors:	Georgean Vonheeder-Leopold Dawn Benson
Staff present:	Jill Duerig, Zone 7 General Manager Carol Mahoney, Zone 7 Integrated Planning Manager Brad Ledesma, Zone 7 Associate Engineer Darren Greenwood, Livermore Public Works Director Bert Michalczyk, DSRSD General Manager Dan Gallagher, DSRSD Operations Manager Dan McIntyre, DSRSD Engineering Manager Leonard Olive, Pleasanton Staff

1. Call meeting to order
   Director Quigley called the meeting to order at 4:06 pm.

2. Citizen's Forum
   No public comment.

3. Annual Sustainability Report
   A presentation was given by Zone 7 Integrated Planning Engineer, Brad Ledesma. The presentation given was the same as the one presented to the Board on April 15, 2015. Handouts of the presentation slides were available. The presentation summarized the annual report, which states that Zone 7 can meet 100% of the 2015 delivery requests for M&I and untreated customers, and 96% of the 2016 delivery requests – even if there is no conservation in 2015 and 2016 should also be a critically dry year (i.e., 1977 hydrology). Staff noted that although the state as a whole may be experiencing a four- year drought, the local climatological and hydrological evidence suggests that the Livermore Valley could be in the ninth year of an extended drought. With this in mind, the estimates for required water deliveries, water availability, and storage for 2015 and 2016 used a conservative approach to provide maximum flexibility in planning. The

Annual Sustainability Report is a tool in creating a water operations plan but does not act as the operations plan, itself. Staff highlighted the completed drought projects that had been approved to move forward by the Board in January 2014 as a part of the original drought declaration, and introduced two projects that staff are working on to meet future water supply needs: 1) The reliability intertie with East Bay Municipal Utility District; and 2) Phase I of Busch Valley Well with the potential for the installation of a mobile or temporary pump station in the event that moving water from east to west in the valley becomes necessary under limited surface water conditions.

Questions: Pleasanton's Leonard Olive asked about the average capacity of the groundwater basin and Zone 7 staff displayed a graphic of the available groundwater storage through time showing that the basin was at about 56% of operational storage based on fall water levels measured in October 2014, which is still above the groundwater levels measured during the 1987 to 1992 drought. A request for a copy of the graphic was made and Zone 7 staff promised to email it to the retailers.

DSRSD's Bert Michalczyk inquired about the challenges of moving water through the Delta and recovering water from the Kern County banks in the event of an unplanned shutdown of Delta export pumping this summer. Staff indicated that Zone 7 has already taken delivery of about 5,000 acre-feet of banked water to date in 2015, which is in striking contrast to nearly zero banked water deliveries at this time last year. Staff also explained that the capacity of the State Water Project pumps would easily accommodate the requests made since most Table A deliveries will be made from San Luis Reservoir and the SBA contractors make up a very small percentage (~7%) of the total Table A needs.

DSRSD Director Dawn Benson expressed concerns with using average deliveries of 60% for 2017 through 2019 and Mr. Ledesma explained that over the 5-year study period, this was reasonable and noted that this resulted in a 5-year average of 42% for the study period which is consistent with allocations over the last nine years.

DSRSD's Dan Gallagher raised questions about potential water quality concerns in the Delta over the coming summer. Mr. Ledesma explained that DWR already has permits in hand to construct a rock barrier that should minimize salt water intrusion, and reiterated that cold water habitat releases from Oroville would also help. Staff also indicated that unlike last year, there is already enough water in Lake Del Valle to accommodate blending should water quality degrade.

DSRSD's Bert Michalczyk noted while that Zone 7 staff projects that Zone 7 can make 100% deliveries this year he asked whether it was Zone 7 staff's professional opinion as water managers that Zone 7 should make 100% deliveries this year. Zone 7 staff stated that that decision was made for them by the Governor. Accordingly, Zone 7 is supporting the Governor's declaration and would be supporting the retailers in their efforts to meet the anticipated requirements under consideration by the State Water Resources Control Board.

DSRSD's Dawn Benson also asked about the amount of carryover that came from Zone 7's banking programs in Kern County; Mr. Ledesma answered that about half of the 9,000 AF of storage was recovered from the banks. Based on additional discussion, Mr. Ledesma explained that concerns over the long-term nature of the drought, its impact on growth and the economy, and whether dry conditions constitute the "new normal" will be explored in the Water Supply Evaluation.

Director Quigley noted that he felt that the Cope to Lake I drought project constructed last year was a gold star project that provided significant groundwater recharge recovery and he was proud to say that Zone 7 could meet the retailer's delivery requests.

4. Continued Support of Statewide Emergency Water Conservation Efforts
Staff member Brad Ledesma provided a presentation. A resolution was passed by the Zone 7 Board on April 15, 2015, that lifted Stage 2 Actions from Resolution 14-4361; continued Zone 7's support for statewide emergency water conversation mandates; continued the local drought state of emergency, and directed staff to work closely the with retailers on conservation messaging. The presentation highlighted the recent declaration from Governor Brown, actions taken by the State Water Resources Control Board, and the timeline of implementation of the actions proposed by the State.

Questions: DSRSD's Bert Michalczyk asked if the Zone 7's Board action on April 15 rescinded the prior Zone 7 declaration of a state or emergency, the prior enacted Stage 2 water use restrictions and/or prior action taken by the Zone 7 manager under the manager's authority previously granted to establish a conservation level. Mr. Ledesma indicated that the local drought state of emergency remained in place, and that the adopted resolution lifted Stage 2 actions as defined by Zone 7's 2010 Urban Water Management Plan. The resolution also directed Zone 7 staff to support the State's requirements.

DSRSD's Dawn Benson also asked about fire suppression needs and if there was enough water to cover this. Zone 7 staff explained that even during last year's restrictions, the health and safety needs were not in jeopardy and that Zone 7 conservation requests almost exclusively focused on reducing outdoor irrigation.

Questions were also raised about grant funding and conservation programs that may encourage recycled water use and targets for commercial developments. Staff noted the current programs for lawn conversion and large-landscape programs for commercial and industrial properties.

5. Water Supply Evaluation Update
Mr. Ledesma provided a presentation that reviewed the process of developing the 2011 WSE, including development of water supply options by collaborating with the retailer staff. Three of the 2011 portfolios were reviewed: Current Plan, In-Valley and Intertie. The amendment will largely examine changed conditions from these original portfolios and new data points such as: changes in the State Water Project, operational constraints of the banking programs and Byron Bethany Irrigation District transfers, demand management changes, public perception, extended mining period in the Chain of Lakes area, updated recycled water studies, and little to no local control due to other political factors within the State. A kickoff meeting with the retailers was held in December 2014 and one-on-one meetings with each retailer were conducted in January and February 2015. Based on feedback from the retailers at these meetings and during the Water Policy Roundtables, an updated draft list of water supply options has been developed for further discussion and evaluation. The goal is to complete the effort by the end of summer 2015 by

evaluating the pros and cons of various options and working closely with the retailers to develop a resilient Capital Improvement Program.

Questions: DSRSD's Dan McIntyre inquired about a public comment period for the WSE. Staff pointed out that all of the committee and board meetings were open to the public during the original 2011 WSE development and noted that there would be similar meetings for the update during which the public could provide comments.

Mr. Michalczyk requested an additional metric in the analysis to address water storage "recovery" after a drought. Mr. Michalczyk also suggested that elements such as rainwater capture, greywater systems, and recycled water expansion in new developments could be other good options for investigation in the analysis as they have a high outreach value by raising community awareness of the need to conserve water.

Director Quigley inquired about potential requirements in the upcoming Urban Water Management Plan (UWMP) related to groundwater accounting. Staff noted that the guidelines were not yet completed for the UWMP, but that it is anticipated that such requirements would not be included. The requirement of completing a Sustainable Groundwater Management Plan would likely include groundwater budgeting and Zone 7 is ahead of the curve with our Groundwater Management Plan and Salt/Nutrient Management Plan.

Livermore's Darren Greenwood commented that costs of retrofitting recycled water systems and long-term maintenance/asset management of dual plumbing systems may be cost prohibitive and stated that indirect potable reuse would be preferable and likely more cost effective.

6. Verbal Comments
   No verbal comments.

7. Adjournment
   Since there were no further issues or comments, Director Quigley adjourned the meeting at 5:27 p.m.

SUMMARY NOTES OF THE FINANCE COMMITTEE
ZONE 7 BOARD OF DIRECTORS

May 7, 2015
4:00 p.m.

Directors present: Sandy Figuers
Sarah Palmer

Directors absent: Angela Ramirez Holmes

Staff present: Jill Duerig, General Manager
Hossein Golestan, Financial Consultant
Tamara Baptista, Finance Manager
Donna Fabian, Acting Board Secretary

Director Figuers called the meeting to order at 4:10 p.m.

1. Public Comment - None

2. Proposed Fiscal Year 2015/16 Budget

Hossein Golestan, Consultant for Zone 7, explained that the purpose of this agenda item is to address questions that came up at the last Finance Committee meeting of April 23, 2015, to address any new questions and to point out changes since the preliminary draft. Mr. Golestan wanted board members to refer to the additional handout that was given to them at the beginning of the meeting. The first attachment is a breakdown of the water expense as it appears in the amended 2014-15 budget and the proposed 2015-16 budget. Mr. Golestan stated that the current year amended budget is $9 million and the proposed 2015-16 budget is $7.6 million. Mr. Golestan wanted to draw attention to the 2014-15 numbers for the Cawelo and Semitropic where the expenditures relate to retrieving water from storage compared to the 2015-16 where the expenses relate to replenishing the water. General Manager Jill Duerig stated that water is based on a calendar year, and while Zone 7 is withdrawing from Semitropic and Cawelo this calendar year, Zone 7 hopes to be replenishing next calendar year, and that spreads across the fiscal year.

Mr. Golestan then referred to hand out number two which is a summary of all the changes that have been made to the budget since the April 23, 2015, Finance Committee meeting. Director Palmer asked what was the reason for the $850,000 difference on the flood control fund. Mr. Golestan said that a complete review was done of the CIP budget and what was in the system, and as a result of verifying those numbers, some errors were discovered and they have been corrected. Ms. Duerig reminded the committee that the April 23rd version was a really preliminary budget.

Mr. Golestan then referred to the third handout which is the history of personnel costs, both budgeted and actual, for fiscal year 2011-12 through current, and shown by fund. Director Palmer asked if the totals for personnel costs projected for this year and the proposed budget for next year are on that sheet. Tamara Baptista, Finance Manager, said those amounts are on lines 19 and 20 on page 9 of the handouts. Ms. Duerig said there was a strategic planning priority to look at where it is cost effective to bring work internally instead of using outside services. Zone 7 added some SCADA staff, engineering technicians, and some contract labor so the bump up was intentional. Director Palmer asked if the proposed 2015-16 budget is the proposed $19.4 million and Mr. Golestan confirmed that it is. Director Figuers asked if it included retirement and health benefits, and how many people hours are included in the calculations. Ms. Baptista said the calculations are based on 2080 hours per year per employee but Zone 7 calculates by FTEs, and Zone 7 has 110.5 FTEs in the proposed budget. Director Palmer asked if that total is actual filled or approved positions. Ms. Duerig stated that these are positions that are intended to be filled in fiscal year 2015-16 and not the total approved positons.

Mr. Golestan then referred to page 4 of the handouts. The original question from the committee was "what was adopted originally to what we are now calling the amended budget?" Ms. Baptista said that this report is what Director Figuers requested be added to the next monthly budget report. Director Figuers said that he would like to add wording to each column that explains why some numbers change during the year and why some remain the same. There was discussion on what the various titles mean in each column and it was requested that there be bullets underneath the table explaining what each column means.

Mr. Golestan then referred to page 5 and stated that it shows the history of ending fund balances over time and by fund beginning in 2007-08. The purpose of this chart is to show what the trend has been and where the fund balances are moving. Director Figuers asked why the flood control numbers dropped considerably. Ms. Baptista stated that the reason they dropped is because of the planned flood control activities that were board-approved in the CIP, and that the funds were used for various projects.

Director Palmer had a question on page 8 of the staff report. She asked about the end of year projections that show $123 million but the amended budget shows $119 million and she wanted to know what was the difference. Ms. Baptista pointed out the difference between the amended budget expenses of $121 million and yearend projections of $116 million. Mr. Golestan stated that that is primarily due to the flood control fund, fund 200. The amended budget was $14 million and the end of year was $9.5 million. Ms. Duerig pointed out that on page 5 on the staff report in the flood control general account, Zone 7 had projected that it would have $7.5 million at the end of the year, and the current projection for the end of the year is over $12 million because there were a lot fewer flood control projects this year than anticipated for a number of reasons, part of which was because it didn't rain that much.

Director Figuers asked if the proposed budget in 2014-15 was caused by the carryover projects that weren't done due to delays because of the drought. Ms. Baptista said that the proposed budget for 2015-16 does not include the carryover yet. She said that when the auditors come in and close the books, staff will look at any unspent projects that staff want carried forward in open contracts or purchase orders. Those will be carried forward and then added to the proposed budget.

Director Palmer had a question on page 2 of the staff report where it said that Governor Brown issued an executive order requiring 25% water conservation measures, and since Zone 7 conserved 29% does the Zone still have to conserve the whole 25% this year? Ms. During said that the state-imposed conservation is based on 2013 numbers but the conservation we did last year was used to set which tiers apply.

Director Palmer had a question on page 6 under the water enterprise renewal replacement where there is a $31 million capital reserve. Ms. Baptista stated that on the reserve policy that was covered at the last Finance Committee meeting the reserve is 100% of the following year's planned CIP projects plus 50% of the next year and because of the large CIP projects planned for 2016-17 and 2017-18, that caused the minimum reserve to be high.

Director Figuers had no further questions and asked if there were any questions from the public. Leonard Olive, Assistant Director of Operations at the City of Pleasanton, asked at what rate structure is the proposed budget predicated. Ms. Baptista said that it is based on the board-approved 3% for calendar year 2015 and 3% for calendar year 2016 so the board had already approved those water rate increases used to prepare the 2015-16 proposed budget. Mr. Olive said that $100 million in reserves over all those funds isn't too bad and he wanted Zone 7 to keep in mind they can borrow between funds. He also suggested that rather than establish a reserve for every fund, to establish one or two funds, for example, one for water and one for flood, and to make it a reserve that will span a number of funds that will give Zone 7 a lot more flexibility. Director Palmer asked if that was possible. Mr. Golestan said that between the water enterprise and the replacement and renewal fund, it could be done, as they are funded with the same source, but when it comes to the expansion fund commingling the reserves, it is risky to the Agency. Director Palmer asked if it added to our operational expenses if we had to borrow between two different funds. Mr. Golestan said that assuming there are no legal restrictions they would have to be in agreement as to the length of the borrowing, the interest rate and make sure that those needs are paid in a timely manner. Ms. Duerig said that that is one of the reasons Mr. Golestan put all of the reserves that could be combined together in that graph that was distributed today adding that those that are separate need to be separated.

Director Figuers suggested that at the next board meeting the Finance section might want to put an explanation stating these funds cannot be commingled. Ms. Duerig said that when the package is put together for the board it is a much more abbreviated package than what is provided to the Finance Committee. Director Figuers asked if flood could borrow out of the water fund. Ms. Duerig said that you can't simply take out of the water funds because water rates have to have a nexus with the services that Zone 7 is providing for water, but you could borrow as long as you are paying market interest, using it as a bank.

John Archer, Dublin San Ramon Services District, asked if Zone 7 is replenishing inventories, and is that what some of the purchases are going into Cawelo. He wants to know in the post drought what does Zone 7 think water purchases are going to be like. He also wanted to know if that water is going back into Cawelo and Semitropic therefore rebuilding the inventories. Ms. Duerig said that since water is done on a calendar year, that between now and December we are still pulling out and paying Cawelo and Semitropic and after January 1st, assuming we get a good water year, plans are to put back into Cawelo, Semitroopic and the local groundwater basin. Mr. Archer said that the next question to come up in a couple of months will be what is the impact on the district as far as rates for customers.

Alfred Exner, Pleasanton resident, asked why general office services and supplies went up 41% and why training and travel went up 117%. Ms. Duerig said that if you look at the previous amended budget for services and supplies, it was $610,000, and in this year's budget it was dropped to $593,000, partly because Zone 7 didn't spend the whole budget last year. As for the training and travel fund, it is only a few percent over the previous budget. She also stated that training is something Zone 7 tries to do as much as possible to help our in-house staff grow, and many times, there is money in the budget that isn't spent. Mr. Exner asked about the backup generators that were brought in last year and he was wondering if Zone 7 was going to carry those into the new budget and if so where are they. Ms. Baptista stated that they are under rental services and Zone 7 put the entire year of rental services in the budget; however, for the proposed fiscal year 2015-16, Zone 7 is planning on putting 1 month of rental in the budget, and if need be, go back to the board to ask for additional appropriations.

Director Figuers asked about general office services and supplies where the fiscal year 2013-14 actual amount was $320,000 and the 2014-15 amended budget was $610,000. He asked if it was a carryover or an actual board approved increase in office services. Ms. Duerig stated that some of that could be related to the records retention program where Zone 7 was going to get some extra equipment, but there has been a delay in the project. She also mentioned if you compare budget-to-budget it has gone down from $610,000 to $593,000. Director Figuers suggested that a comment be added to that line so that the public understands what the difference is.

Director Figuers asked how common is it for training and travel to bounce up and down during the year. Ms. Duerig said that there have been a few things that have really impacted that budget, for example the Sustainable Groundwater Management Act. Zone 7 has had a lot more webcasts and training sessions that staff have wanted to attend to learn about the new Act. Ms. Duerig also said that she hopes there will be a lot of training next fiscal year on the new records management system. Director Figuers suggested that staff be prepared to answer these types of questions when the budget is brought to the full board for approval.

Director Palmer recommended that staff bring the proposed budget forward to the May 20, 2015, board meeting with the Committee's suggested explanatory notes, and Director Figuers agreed. The item passed with a voice vote of 2-0 with Director Ramirez Holmes absent.

Item 3 - Verbal Reports

Ms. Duerig was happy to report that the Stanley Reach Project was a finalist in the Claire Hill Awards at the ACWA Spring Conference, and Zone 7 received a plaque that she will bring to the full board at the May 20th board meeting. Ms. Duerig also mentioned that at the last Finance Committee meeting Zone 7 was looking to refinance the Cawelo bond, but based on recommendation from independent financial advisor, Fieldman, Rolapp & Associates, the refinancing is on hold because they were unable to get the insurance at the rates that Zone 7 had hoped. The financial advisor is putting together a memo and she will provide a copy to the board when she receives it.

Since there were no further issues or comments, the meeting was adjourned at 5:20 p.m.

5/20/15 Board written/narrative comments by Dick Quigley

April 18 - Attended a Spring Wildflower Festival at Sunol Regional Wilderness Park. I was delighted to see Ann Brown from Morrison & Associates. RCD, Alameda Creek Alliance, SF PUC, and many others had information tables. Wildflower guided hikes and family fun.

April 20 - Participated in an ACWA Region Chair and Vice Chair Issues Webinar of State Water issues drought driven.

May 4-8 - Participated in an ACWA annual spring conference in Sacramento. The theme was MISSION: POSSIBLE, and the messages were diversified water portfolios, co-equal goals, and a draught not to waste is not mutually exclusive. Arrived Monday and visited with JPIA and ACWA board. I am convinced that JPIA might offer Zone 7 employees HR benefits that may not be currently available, at very competitive pricing. Tuesday, attended the Water Quality Committee meeting chaired capably by Jill, then a Ground Water Committee session with standing room only, and an ACWA/JPIA session, "The Changing Landscape in Employee Benefits." We heard updates on the Affordable Care Act, and recent IRS guidance on the Cadillac Tax. The lead off Wednesday speaker was Assemblyman Marc Levine who gave us his perspective on what the Legislature will attempt and accomplish with California mired in continued drought and rippling impacts through the state's water supply and economy. Next was a Statewide Issue Forum-Drought Year Four: Tightening its Grip on California. John Laird, Sec CNRA. Mark Cowin, DWR Director, Gordon Burns, Cal EPA, and Chuck Bonham Director CDFW, discussed the unprecedented actions and plans underway for 2016 and beyond.

Wed lunch - We heard from Governor Brown on the state's most pressing water issues, Prop 1, and his long-term commitments to water infrastructure investments as well as the first ever-statewide reductions in water use, and the California Water Action Pan. State Treasurer John Chiang spoke and gave us a clue as to how the Prop 1 $7.5 billion November bond will serve as the down payment. He also shared his insight on future financing options.

Another great town hall, the future of water storage and management in California, was next. I was very impressed with Bill Swanson's panelist presentation Water Resources Practice Leaded, MWH. Tim Quinn (ACWA ex dir.) moderated Jerry Brown (CCWD & Los Vaqueros, and Jay Lund, Watershed Professor, UC Davis. Jay and Jerry also had compelling presentations! Los Vaqueros third stage enlargement. Might offer clues for DWR and us for Del Valle increased water storage.

Thursday started with a headwaters session that provided an overview of the emerging opportunities as California's water users engage with diverse stakeholders relating to the new "Headwaters Framework," this session was followed with a Town Hall titled Next Steps on Urban Conservation. The featured speaker was Felicia Marcus, Chair, CSWRCB. Her responder panelists were two GM friends that asked tough questions. I visited with Felicia and my read is the board is seeking the engagement of water agencies and stakeholders in this period of unprecedented drought regulations from the State. I was privileged to Chair the Region 5 membership meeting and my reporters gave briefs on all the committees (12) and we teed up the fall Reg event (Oct 25 & 26) at Lake Cachuma (Santa Barbara County).

The Friday conclusion featured Dr. Jeffrey Mount, Retired Water Chair at UC Davis, and current Senior Fellow at the Public Policy Institute of California. Dr. Mount shared the recent creation of the PPIC Water Policy Center, the most recent activities and vision for the future through bold nonpartisan constructive engagement and diversified portfolio investment for sustainability. I have extra copies of the vision-briefing book he shared.

I was honored and humbled to attend for Zone 7 and receive with Jill a prestigious Water Agency award for excellence for our Arroyo Mocho joint community project. The video was super - we should show at a board meeting.

May 13 - Attended Water Policy Roundtable at the DSRSD boardroom. Focus at this meeting was Tri-Valley policy direction and action plans relative to recycled water. My take away was staff and elected agreed to move forward on taking advantage of capturing for reuse more of the possible addition to our diversified water portfolio, looking at public perception and outreach needs and learning from agencies who have been involved like Orange County, Santa Clara, and others. An unusually large and vocal public attended. Zone 7 needs to have its portfolio ducks aligned for the next meeting.

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 20, 2015 **ITEM NO. 14a**

SUBJECT: GENERAL MANAGER'S REPORT

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

Environmental & External Affairs:

- The Arroyo Mocho – Stanley Reach project was selected as a finalist for ACWA's 2015 Clair A. Hill Award (see http://www.acwa.com/content/clair-hill-water-agency-award-excellence-0 for a general description of the award).
- During April, the State Board worked on draft regulations to achieve 25% conservation statewide. The State Board also issued notices of curtailment to junior water rights holders and notified senior water rights holders (such as BBID, with pre-1914 rights) of potential curtailment.
- Delta communities are seeing positive results from the two bills authored by Joan Buchanan (one of which was sponsored by Zone 7 for the South American Spongeplant) to control invasive plant species. Spraying is underway to control weeds that flourished last year and clogged Delta channels. Spraying permits for weed abatement now cover the range of invasives, instead of having to seek authority to do one plant species at a time.
- The proposed Rio Vista Estuarine Research Station (RVERS) now has its own website, http://deltaresearchstation.com/Index.html. Once built, the facility will allow for multi-agency collaboration on Delta science and fisheries in a single location.
- The California Fish and Game Commission voted unanimously to consider the Livermore Tarplant as a candidate for listing as a state-endangered plant species. These plants are located in Springtown and near Greenville Road.
- Staff served as a group leader for cleaning up a reach along South San Ramon Creek as part of Dublin Pride Week. Eleven volunteers collectively removed over 35 gallons of trash weighing a total of about 50 pounds.

Engineering and Flood Control:

- The 2014 annual operations report to the Division of Drinking Water (DDW) was completed and submitted online. In addition, updated operations plans/standard operating plans were submitted for the five treatment facilities (Del Valle, Patterson Conventional, Patterson Ultra-Filtration, Mocho Groundwater Demineralization Plant and Chain of Lakes Treatment Facility).

- Staff met again with the Regional Water Quality Control Board – San Francisco Bay Region to discuss the Regional Board's comments on Zone 7's draft Nutrient Management Plan. Regional Board staff continue to be generally supportive of the approach to nitrate reduction (existing Best Management Practices/BMPs plus a septic tank treatment focus in "hot spots") and grateful for the additional technical information provided during these meetings. In the meantime, a proposed development in the Happy Valley area is seeking a waiver of the County's septic tank moratorium; from a groundwater protection standpoint, there is no advantage to this, especially given the proximity of existing city sewer lines to the development.

Administration:

- During April, construction at the Mocho complex for the Power and Water Resources Pooling Authority (PWRPA) conversion proceeded. The conduit installation was completed and approved by PG&E. The switchgear pads are being constructed with a concrete pour. With the exception of the actual power switchover, the electrical work can be done under normal operations. The purpose of this project is to be able to purchase less expensive power.

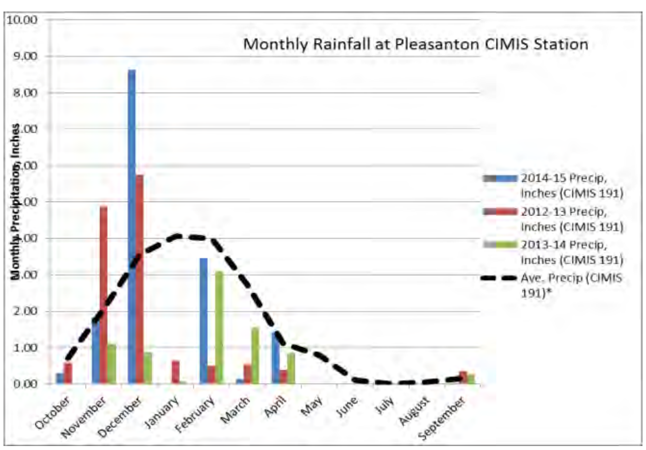
- Recruitment advertisements were posted for summer interns to assist with various projects including nitrate sampling in some of the hotspot areas identified in the Nutrient Management Plan, assuming well owners can be identified to voluntarily participate in the study.

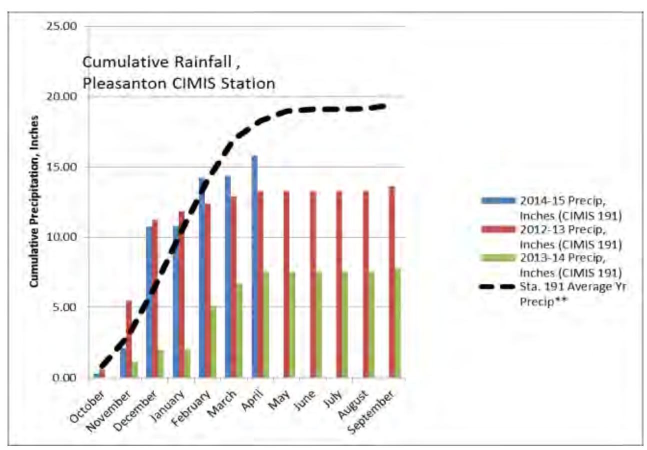
Operations and Maintenance:

- DWR was filling Lake Del Valle at a rate of 180-acre feet (AF)/day for most of April. The water level in the lake reached 704.2 feet (40,700 AF) by the end of the month. Releases on the Arroyo Valle continued at 12 cubic feet per second (CFS) or 7.8 million gallons per day (MGD) with 2.5 CFS or 1.6 MGD going to Shadow Cliffs contributing to groundwater recharge.

- In April, an algal bloom in the source water caused shorter filter runs in the Patterson Pass Conventional Plant and caused the micro-strainers for the Ultra-Filtration (UF) plant to plug and delay UF start-up. Shorter filter runs were also experienced at the Del Valle Plant.

- Although April was slightly more dry than an average April (based on the period of record), cumulative local rainfall for this water year remained near average (87% of average based on period-of-record), as measured at Pleasanton CIMIS Station 191.





Monthly List of GM Contracts

April 2015

Contracts:

Davis & Associates	$50,000	Annual Publications and Routine Website Support Services
Cameron-Cole, LLC	$4,780	Greenhouse Gas Inventory Verification
Dakota Press	$10,000	Print and Graphics Support Services
KP, LLC	$22,000	Print and Graphics Support Services
Yorke Engineering, LLC	$4,000	Air Dispersion Modeling for CalARP
Davis & Associates	$14,500	Zone 7 Website Redesign for Enhanced Security & Software Upgrade
Total April 2015	**$105,280**	

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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ORIGINATING DIVISION: ADMINISTRATIVE SERVICES
CONTACT PERSON: MIKE WALLACE / TAMARA BAPTISTA

AGENDA DATE: May 20, 2015 ITEM NO. **14b**

SUBJECT: **Monthly Budget Report**

SUMMARY:

This report provides a summary of FY 14/15 budget performance and explanations of any major variances for the period July 1, 2014 through April 30, 2015.

The following provides explanations and additional details concerning this report:

The period of July 1, 2014 through April 30, 2015 is approximately ten months or 83% of the fiscal year. However, Zone 7's revenue and expense cycles do not follow this pattern because of the nature of our business, which is seasonal and as needed. For example, the first installment of property tax revenue is not received until December and capital project expenses vary based on construction schedules. By April, we typically expect somewhere between 68-75% of the budget to have been used. This is because services rendered/goods purchased in April would typically be billed and paid for in May.

The FY 14/15 Budget shown is the amended budget, which includes any additional Board-approved appropriations, prior-year encumbrance carryovers and unspent capital project balances carried forward to this fiscal year.

The attached Fund Balance Changes Report details year-to-date changes in fund balance by fund type and category. Note the overall fund balance of the Proprietary Fund Category (Water Enterprise Funds), decreased by $14.3M and the Governmental Fund Category (Flood Control Funds), increased by $4.7M. The decrease for the Water Enterprise Funds is partially due Fund 110 and 130 expenses, partially due to conservation-driven reductions in water sales, and partially due to Board-approved planned use of reserves.

Included is an attachment that depicts historical information covering the past seven years of total revenues, expenses and the ending fund balances for funds 100, 110, 120, 130, 200, and 210.

The information in the following tables summarizes, by fund, the attached Annual Budget by Account Classification Report:

Water Enterprise Fund – Fund 100:

Category	FY 14/15 Amended Budget	FY 14/15 YTD Actual	FY 14/15 % Used/Received
Revenue	$ 34,461,062	$ 19,994,263	58%
Expenses	$ 50,157,219	$ 31,747,980	63%

Fund 100 provides financing for the acquisition and conveyance of raw water, treatment and delivery to the Zone 7 service area. The main source of revenue for this fund is water sales. FY 14/15 YTD revenue is primarily from the sale of 19,562 acre-feet of treated water through March 2015. Significantly more conservation was achieved than projected in the budget. The month of March 2015 treated water sales of $1.9M are approximately 94% of the prior March 2014 amount of $2.1M, which reflects the revenue impacts of drought conservation efforts. April water sales revenue is not reported because the meter reading data that generates the monthly water billing was not available at the time of this report. Other revenue is from grant proceeds and DWR refunds; both are greater than the budget estimates.

YTD expenses include the first, second and third quarter transfers to Fund 120, water production costs, maintenance, miscellaneous services/supplies and memberships and dues. While imported water purchases were low due to the low allocation and minimal access to transfers, they have since increased due to the recovery of Semitropic water. Utility and chemical costs remain within the normal range. Rental expenses remain significantly less than budgeted because portable generators for the wells has not been required to date. Organizational memberships are due and paid at the beginning of the fiscal year, resulting in the 79% as shown in the attached report.

State Water Facilities Fund – Fund 110:

Category	*FY 14/15 Amended Budget*	*FY 14/15 YTD Actual*	*FY 14/15 % Used/Received*
Revenue	$ 14,060,937	$ 10,091,762	72%
Expenses	$ 14,227,251	$ 15,236,019	107%

Fund 110 is a pass-through fund for fixed charges associated with the State Water Project, assessed as a property tax override. YTD revenue is from DWR refunds and the first installment and a portion of the second installment of property tax payments, which should represent more than half of the projected revenue. YTD expenses reflect payments to DWR for fixed costs through April 2015. DWR charges are both monthly and semi-annual. Transportation Capital charges are paid in January/July and the SBA Improvement and Enlargement debt service payments are paid in March/September. In June 2014, DWR announced that they were experiencing cash flow issues and presented the State Water Contractors (SWC) with a 2015 Statement of Charges (SOC) proposing to cover the majority of the shortfall. Zone 7's share of this is approximately $3M**.** DWR stated that the primary reason for the cash flow issue was a large salary increase for DWR employees as well as an increase in the number of full time employees. The other factor affecting this fund is a reimbursement/credit of approximately $1.2M that we expected to receive in 2015 for the SBA Enlargement/Improvement project, but wasn't in the 2015 SOC. Zone 7 prepaid the initial costs of the project of around $6M and DWR had stated that we would in turn be reimbursed via the 2015 SOC. This project is split 20% in Fund 110 and 80% in Fund 130. We have, as of yet, not received the credit. Staff followed up with DWR and learned that the reimbursement/credit is now planned to be included in the 2016 SOC. However, a partial credit will be given to us in July 2015. There currently exists enough cash in the fund to cover this fiscal year's unexpected increase; however at the end of this fiscal year, the fund's balance will drop below the Board approved minimum reserve level. We plan to address this situation further in the FY 15/16 budget.

Water Renewal/Replacement & System-Wide Improvements – Fund 120:

Category	FY 14/15 Amended Budget	FY 14/15 YTD Actual	FY 14/15 % Used/Received
Revenue	$ 13,129,324	$ 10,228,596	78%
Expenses	$ 13,236,048	$ 5,976,998	45%

Fund 120 pays for capital projects including the replacement and improvement of the current water treatment and delivery system. The primary source of funding is a quarterly transfer from Fund 100 – Water Enterprise; the first, second and third quarter transfers have been posted. Other revenue is from the sale of plans and specifications, grant proceeds and Dougherty Valley Facility Use Fees.

FY 14/15 YTD expenses reflect capital project expenses such as a portion of the Chain of Lakes Well 5 costs, Cope Lake Slope Repair, Groundwater Model Upgrade, Arroyo Valle Water Right Permit Extension, Busch Valley Well #1 Phase One project, DVWTP Sludge Handling Improvements, DVWTP Superpulsator Rehabilitation, the DVWTP Caustic Soda System, Filter 1 Media Replacement projects at DVWTP, PPWTP Ferric Chloride & Caustic Improvement project, Nutrient Management Plan and this fund's share of the North Canyons Building Lease. Capital project expenses are tied to construction schedules. Projects related to the existing treatment facilities are typically done during the fall and winter when water demands are lower, and plant flows can be reduced or interrupted to facilitate construction, with invoicing following.

Water Expansion – Fund 130:

Category	FY 14/15 Amended Budget	FY 14/15 YTD Actual	FY 14/15 % Used/Received
Revenue	$ 22,042,020	$ 18,803,050	85%
Expenses	$ 22,352,045	$ 20,471,269	92%

Fund 130 is intended to provide funding for new facilities and supplies to meet the demands of new development, many of them fixed (i.e., bond payment obligations for debt incurred by others). The primary source of revenue is connection fees. YTD revenue is primarily comprised of the connection fee revenue from 449 connections. Since July 1, 2014, a total of 155 connection fee credits have been used totaling $3.7M, while 294 credits remain outstanding, valued at $7.3M at the 2015 connection fee level (see Chart 1 attached).

FY 14/15 YTD expenses reflect this fund's portion of capital project expenses such as:

- Chain of Lakes Well 5 costs (portion),
- Nutrient Management Plan Update,
- Busch Valley Well #1 project,
- Cope Lake Slope Repair (portion),
- SBA Improvement and,
- Enlargement debt service payment ($9.8M).

The SBA payment is made twice a year (March and September), with September always being the higher payment per the DWR debt service schedule. DWR's cash flow issue mentioned above in Fund 110 also impacts this fund. Until we receive the reimbursement/credit of $4.8M (80% of the $6M prepay) for this fund, the SBA Enlargement/Improvement project will be over budget. Again, DWR is now projecting that this reimbursement/credit will be processed partially in July 2015 and the remaining balance in calendar year 2016.

Flood Protection Operations – Fund 200:

Category	FY 14/15 Amended Budget	FY 14/15 YTD Actual	FY 14/15 % Used/Received
Revenue	$ 6,505,936	$ 4,993,351	77%
Expenses	$ 14,279,561	$ 3,417,400	24%

Fund 200 provides for general administration and the maintenance and improvement of the existing flood protection system. The primary source of revenue is property taxes. YTD revenue represents the first installment of property tax payments and other charges for services. Expenses include labor, a fraction of the North Canyons lease payment, flood protection maintenance activities and capital project expenses such as:

- Cope Lake Slope Repair Project (portion),
- Arroyo Mocho – Stanley Reach R. 3.5 (portion),
- Arroyo Las Positas Reach 1-7 Improvement Project etc,
- Living Arroyos Program (portion),
- Sediment Study – SFE 2010 (portion),
- Flood Control Hydrology Study, and the Stream Management Master Plan Update.

Other budgeted projects (e.g., Arroyo Las Positas Treatment Wetland and Chabot Canal Regional Stormwater Detention projects) have yet to commence. Note these projects are funded by both Fund 200 and Fund 210.

Flood Protection and Stormwater Drainage (DIF) – Fund 210:

Category	FY 14/15 Amended Budget	FY 14/15 YTD Actual	FY 14/15 % Used/Received
Revenue	$ 2,646,500	$ 3,557,906	134%
Expenses	$ 7,022,157	$ 421,571	6%

Fund 210 pays for flood protection facilities required for new development. The primary source of revenue is from development impact fees. Zone 7 tends to receive most development impact fee revenue in the spring/early summer; however, this fiscal year we have received 89% year to date. FY 14/15 YTD capital project expenses are for:

- Cope Lake Slope Repair (portion),
- Arroyo Mocho – Stanley Reach R. 3.5 (portion),
- Living Arroyos Program (portion),
- Sediment Study – SFE 2010 (portion),
- Flood Control Hydrology Study,
- SMMP Update and the Arroyo Las Positas Reach 1-7 Improvement Project.

Other budgeted projects that are split with Fund 200 (e.g., Arroyo Las Positas Treatment Wetland and Chabot Canal Regional Stormwater Detention projects) have yet to commence.

Total All Funds – Fund 100, 110, 120, 130, 200, & 210:

Category	FY 14/15 Amended Budget	FY 14/15 YTD Actual	FY 14/15 % Used/Received
Revenue	$ 92,845,779	$ 67,668,927	73%
Expenses	$ 121,274,281	$ 77,271,237	64%

Reconciliation of 2014/15 Amended Budget to June Adopted Budget

	June Approved Budget	Encumbrance Carryovers	Project Carryovers	Additional Appropriation	Total
Fund 100	$49,680,609	$383,443	$93,167	$0	**$50,157,219**
Fund 110	$14,227,251	$0	$0	$0	**$14,227,251**
Fund 120	$7,578,891	$1,862,087	$2,238,570	$1,556,500	**$13,236,048**
Fund 130	$19,485,138	$1,291,111	$892,296	$683,500	**$22,352,045**
Fund 200	$10,416,092	$649,476	$3,213,993	$0	**$14,279,561**
Fund 210	$5,755,275	$472,354	$794,528	$0	**$7,022,157**
Total	**$107,143,256**	**$4,658,471**	**$7,232,554**	**$2,240,000**	**$121,274,281**

RECOMMENDED ACTION:

Information only.

ATTACHMENTS:

- CHART 1 – Connection fees and Shea-Lin Connection Credits used
- Zone 7 Water Agency Annual Budget by Account Classification Report
- Zone 7 Water Agency Fund Balance Changes Report
- Historical Revenue, Expense and Fund Balances

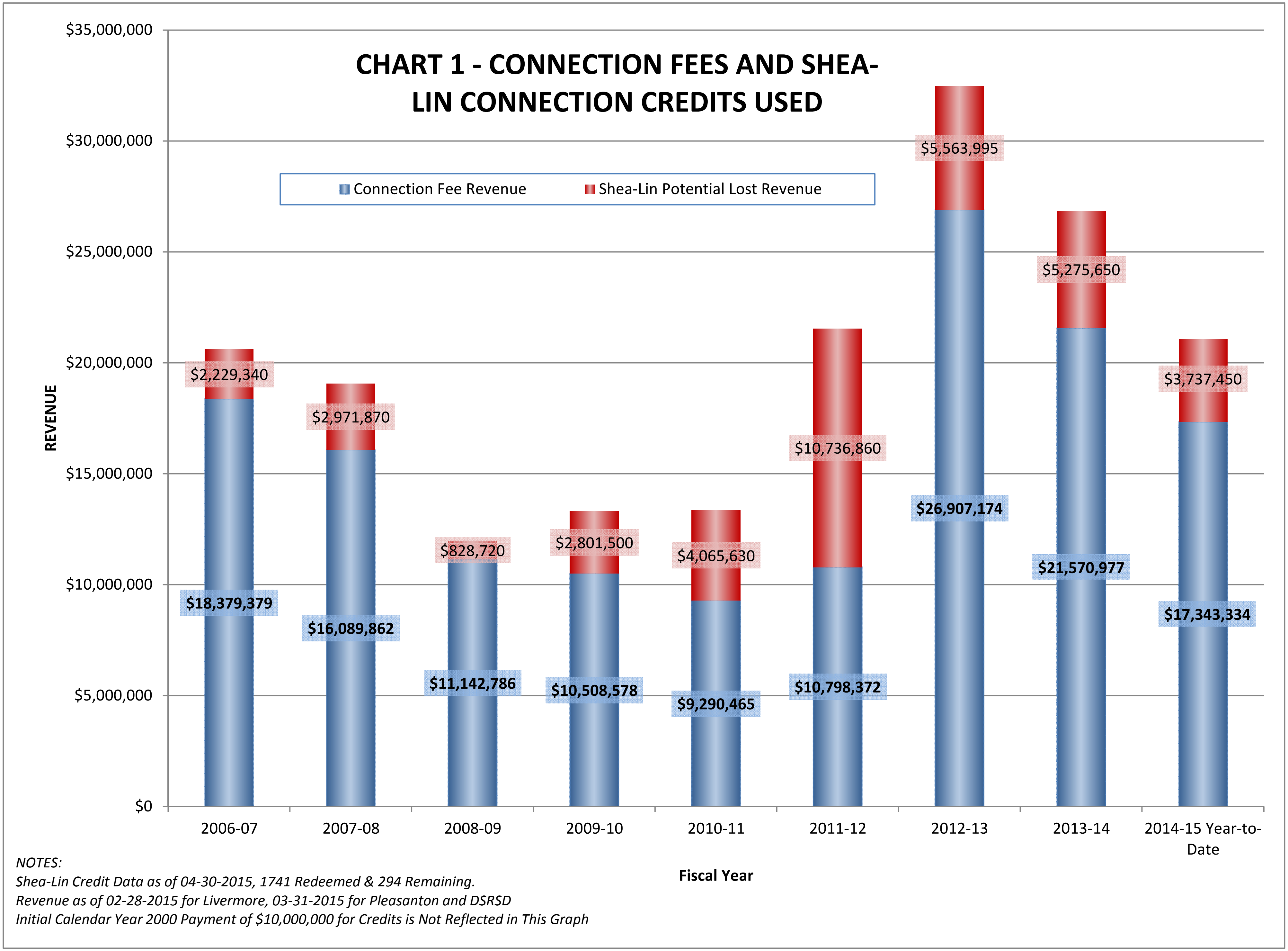


CHART 1 - CONNECTION FEES AND SHEA-LIN CONNECTION CREDITS USED
Connection Fee Revenue
Shea-Lin Potential Lost Revenue
REVENUE
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
$2,229,340
$18,379,379
$2,971,870
$16,089,862
$828,720
$11,142,786
$2,801,500
$10,508,578
$4,065,630
$9,290,465
$10,736,860
$10,798,372
$5,563,995
$26,907,174
$5,275,650
$21,570,977
$3,737,450
$17,343,334
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15 Year-to-Date
Fiscal Year
NOTES:
Shea-Lin Credit Data as of 04-30-2015, 1741 Redeemed & 294 Remaining.
Revenue as of 02-28-2015 for Livermore, 03-31-2015 for Pleasanton and DSRSD
Initial Calendar Year 2000 Payment of $10,000,000 for Credits is Not Reflected in This Graph

ZONE 7 WATER AGENCY

Budget vs Actual by Account Classification Report

For the period 7/1/2014 - 4/30/2015

	FY 14/15 Amended Budget	FY14/15 YTD Actual	% Used/Rec
FUND: 100 Water Enterprise Operations			
Revenue			
411 - Water Sales & Service	$34,246,611.00	$19,305,759.19	56%
441 - Charges for Services	$0.00	$1,950.00	-
452 - Aid from Governmental Agencies - State	$0.00	$220,575.49	-
461 - Investment Earnings	$75,000.00	$48,072.92	64%
462 - Rents and Royalties	$65,263.00	$73,402.10	112%
464 - Fines and Penalties	$0.00	$62.77	-
481 - Other Revenue	$74,188.00	$344,440.33	464%
Revenue Totals	$34,461,062.00	$19,994,262.80	58%
Expenditures			
511 - Personal Services - Salaries and Wages [1]	$13,859,924.00	$9,552,969.70	69%
512 - Personal Services - Overtime [1]	$215,074.00	$118,166.83	55%
513 - Personal Services - Benefits [1]	$7,120,240.00	$4,808,724.80	68%
600 - Labor & Overhead Distributed [2]	($7,961,534.00)	($3,078,899.60)	39%
611 - Purchased Services	$4,456,603.00	$2,095,213.73	47%
621 - Water	$9,014,831.00	$3,302,938.91	37%
631 - Chemicals	$2,250,973.00	$1,411,576.01	63%
641 - Utilities	$1,922,616.00	$1,293,300.91	67%
643 - Communications	$174,124.00	$112,990.41	65%
651 - Cleaning Services	$50,931.00	$36,121.57	71%
652 - Repairs and Maintenance	$2,833,012.00	$1,174,880.74	41%
653 - Rental Services	$792,900.00	$87,445.95	11%
661 - General Office Services/ Supplies	$610,897.00	$285,321.95	47%
662 - Organizational Membership/ Participation	$467,783.00	$370,822.35	79%
665 - Other Services/ Supplies	$399,078.00	$99,161.79	25%
667 - Training and Travel	$399,195.00	$89,040.79	22%
669 - Special Departmental Expense	$698,948.00	$255,571.28	37%
671 - Equipment, Furniture and Vehicles	$27,700.00	$12,188.73	44%
691 - Transfers	$12,823,924.00	$9,720,443.01	76%
Expenditure Totals	$50,157,219.00	$31,747,979.86	63%
Revenue Less Expenses Fund 100 Total	($15,696,157.00)	($11,753,717.06)	
FUND: 110 State Water Facilities			
Revenue			
411 - Dougherty Valley Surcharge	$1,311,950.00	$1,648,304.77	126%
421 - Property Taxes	$11,350,000.00	$7,526,389.23	66%
452 - Aid from Governmental Agencies - State	$45,000.00	$37,489.96	83%
453 - Aid from Governmental Agencies - Local	$610.00	$0.00	0%
461 - Investment Earnings	$15,000.00	$11,999.15	80%
481 - Other Revenue	$1,338,377.00	$867,578.60	65%
Revenue Totals	$14,060,937.00	$10,091,761.71	72%
Expenditures			
621 - Water	$14,227,251.00	$15,236,018.79	107%
Expenditure Totals	$14,227,251.00	$15,236,018.79	107%
Revenue Less Expenses Fund 110 Total	($166,314.00)	($5,144,257.08)	

ZONE 7 WATER AGENCY

Budget vs Actual by Account Classification Report

For the period 7/1/2014 - 4/30/2015

	FY 14/15 Amended Budget	FY14/15 YTD Actual	% Used/Rec
FUND: 120 Water Enterprise Capital IR&R			
Revenue			
431 - Facility Use Fees	$250,000.00	$506,899.40	203%
441 - Charges for Services	$2,500.00	$150.00	6%
452 - Aid from Governmental Agencies - State	$0.00	$70,269.59	-
461 - Investment Earnings	$52,900.00	$33,334.03	63%
499 - Transfers	$12,823,924.00	$9,617,943.00	75%
Revenue Totals	$13,129,324.00	$10,228,596.02	78%
Expenditures			
600 - Labor & Overhead Distributed [1]	$1,177,962.00	$1,150,878.95	98%
611 - Purchased Services	$2,875,329.00	$389,530.92	14%
643 - Communications	$0.00	$18.03	-
653 - Rental Services	$549,198.00	$463,152.04	84%
661 - General Office Services/ Supplies	$150,000.00	$7,744.36	5%
665 - Other Services/ Supplies	$8,595.00	$13,909.33	162%
669 - Special Departmental Expense	$978,698.00	$0.00	0%
671 - Equipment, Furniture and Vehicles	$120,000.00	$0.00	0%
672 - Land and Facility Improvements	$7,376,266.00	$3,951,764.53	54%
Expenditure Totals	$13,236,048.00	$5,976,998.16	45%
Revenue Less Expenses Fund 120 Total	($106,724.00)	$4,251,597.86	
FUND: 130 Water Enterprise Cap Expansion			
Revenue			
431 - Development Fees	$19,020,120.00	$17,343,334.13	91%
441 - Charges for Services	$0.00	$0.00	-
452 - Aid from Governmental Agencies - State	$0.00	$30,115.53	-
461 - Investment Earnings	$81,100.00	$54,033.70	67%
481 - Other Revenue	$2,940,800.00	$1,375,566.40	47%
Revenue Totals	$22,042,020.00	$18,803,049.76	85%
Expenditures			
600 - Labor & Overhead Distributed [1]	$636,105.00	$284,693.55	45%
611 - Purchased Services	$1,808,744.00	$195,088.50	11%
621 - Water	$16,744,211.00	$18,435,910.82	110%
643 - Communications	$0.00	$18.02	-
653 - Rental Services	$426,376.00	$360,110.05	84%
661 - General Office Services/ Supplies	$0.00	$2,114.92	-
662 - Organizational Membership/ Participation	$694.00	$2,211.00	319%
665 - Other Services/ Supplies	$0.00	$322.05	-
669 - Special Departmental Expense [3]	$472,643.00	$39,611.75	8%
672 - Land and Facility Improvements	$2,263,272.00	$1,151,188.80	51%
Expenditure Totals	$22,352,045.00	$20,471,269.46	92%
Revenue Less Expenses Fund 130 Total	($310,025.00)	($1,668,219.70)	

ZONE 7 WATER AGENCY

Budget vs Actual by Account Classification Report

For the period 7/1/2014 - 4/30/2015

	FY 14/15 Amended Budget	FY14/15 YTD Actual	% Used/Rec
FUND: 200 Flood Protection Operations			
Revenue			
421 - Property Taxes	$6,307,731.00	$4,395,861.67	70%
441 - Charges for Services	$13,000.00	$440,425.52	3388%
452 - Aid from Governmental Agencies - State	$54,000.00	$72,917.81	135%
453 - Aid from Governmental Agencies - Local	$10,700.00	$5,784.70	54%
461 - Investment Earnings	$25,000.00	$26,392.06	106%
462 - Rents and Royalties	$60,505.00	$51,969.43	86%
481 - Other Revenue	$35,000.00	$0.00	0%
Revenue Totals	$6,505,936.00	$4,993,351.19	77%
Expenditures			
600 - Labor & Overhead Distributed [1]	$2,098,094.00	$1,474,067.98	70%
611 - Purchased Services	$6,178,344.00	$326,391.62	5%
643 - Communications	$3,000.00	$1,994.10	66%
651 - Cleaning Services	$10,000.00	$2,255.85	23%
652 - Repairs and Maintenance	$2,355,491.00	$1,280,394.81	54%
653 - Rental Services	$159,322.00	$120,663.10	76%
661 - General Office Services/ Supplies	$19,550.00	$7,327.25	37%
662 - Organizational Membership/ Participation	$175,584.00	$13,782.50	8%
665 - Other Services/ Supplies	$516,902.00	$130,857.34	25%
667 - Training and Travel	$31,400.00	$2,365.00	8%
669 - Special Departmental Expense	$13,333.00	$0.00	0%
672 - Land and Facility Improvements	$2,718,541.00	$47,300.00	2%
691 - Transfers	$0.00	$9,999.99	-
Expenditure Totals	$14,279,561.00	$3,417,399.54	24%
Revenue Less Expenses Fund 200 Total	($7,773,625.00)	$1,575,951.65	
FUND: 210 Flood Protection/Drainage DIF			
Revenue			
431 - Development Fees	$2,530,000.00	$3,371,006.49	133%
441 - Charges for Services	$0.00	$83,555.00	-
452 - Aid from Governmental Agencies - State	$0.00	$32,357.11	-
461 - Investment Earnings	$91,500.00	$70,987.24	78%
481 - Other Revenue	$25,000.00	$0.00	0%
Revenue Totals	$2,646,500.00	$3,557,905.84	134%
Expenditures			
600 - Labor & Overhead Distributed [1]	$665,730.00	$169,259.12	25%
611 - Purchased Services	$5,166,799.00	$89,063.41	2%
643 - Communications	$0.00	$5.72	-
653 - Rental Services	$121,822.00	$102,986.78	85%
661 - General Office Services/ Supplies	$0.00	$56.17	-
669 - Special Departmental Expense	$250,000.00	$0.00	0%
672 - Land and Facility Improvements	$817,806.00	$60,200.00	7%
Expenditure Totals	$7,022,157.00	$421,571.20	6%
FUND Total: Flood Protection/Drainage DIF	($4,375,657.00)	$3,136,334.64	-72%
Revenue Grand Totals:	$92,845,779.00	$67,668,927.32	73%
Expenditure Grand Totals:	$121,274,281.00	$77,271,237.01	64%
Net Grand Totals:	($28,428,502.00)	($9,602,309.69)	

Notes:

1. Agency-wide salaries, wages, overtime and benefits are budgeted in Fund 100, then distributed to other funds based on assignments and work demands.
2. This is a credit to Fund 100 for salaries, wages, overtime and benefits charged to other funds.

Fund Balance Changes Report

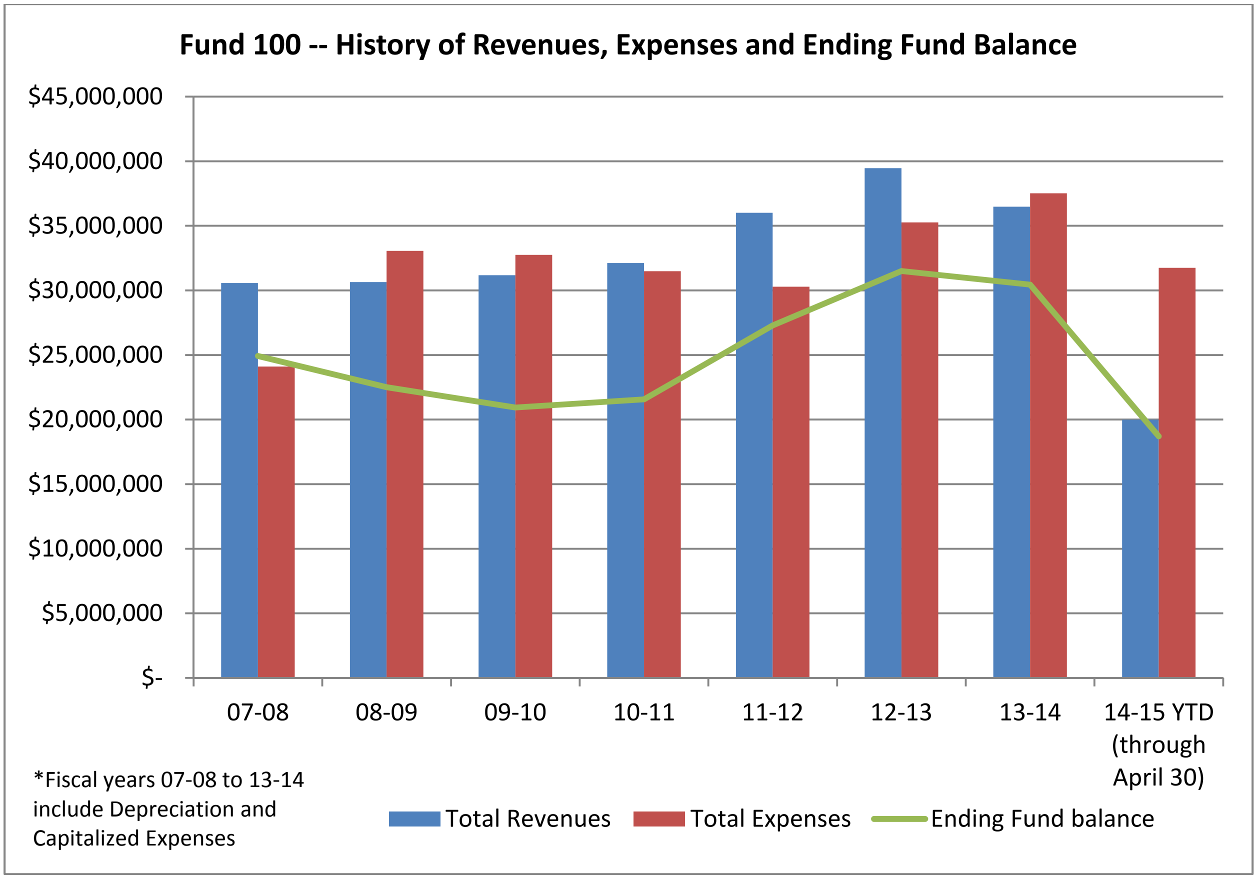
Through 04/30/15

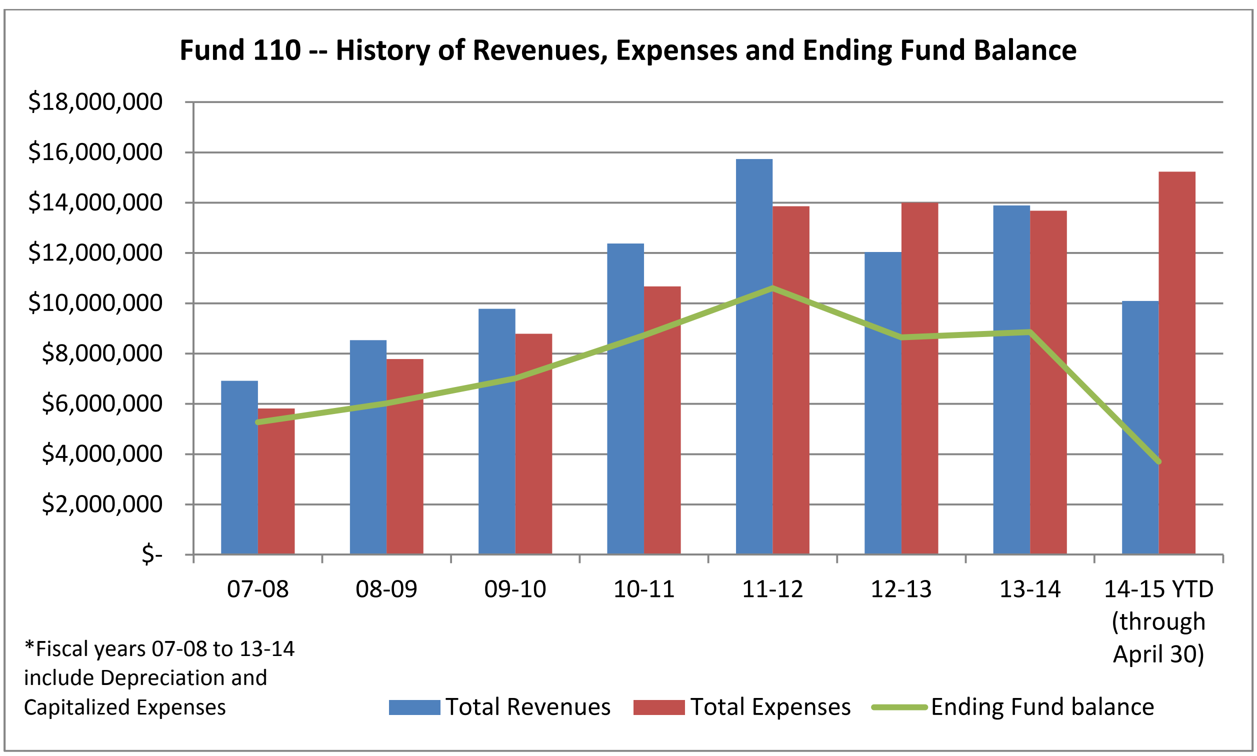
Summary Listing

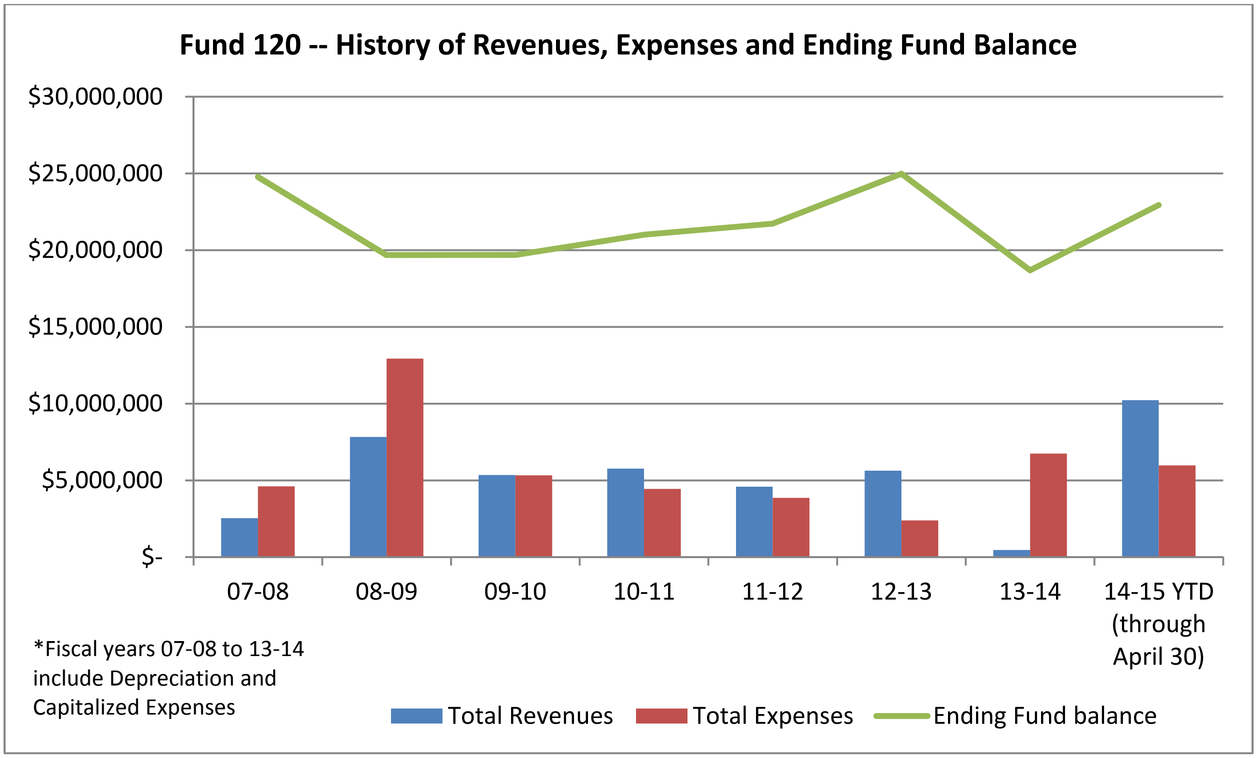
FUND	FUND Description	July 1, 2014 Audited Fund Balance	YTD Revenues	YTD Expenses	April 30, 2015 Estimated Fund Balance
Fund Category **Proprietary Funds**					
Fund Type **Enterprise Funds**					
100	Water Enterprise Operations	30,450,709	19,994,263	31,747,980	18,696,992
110	State Water Facilities	8,849,889	10,091,762	15,236,019	3,705,632
120	Water Enterprise Capital IR&R	18,690,974	10,228,596	5,976,998	22,942,715
130	Water Enterprise Cap Expansion	33,346,252	18,803,050	20,471,269	31,678,033
	Fund Type **Enterprise Funds** Totals	91,337,825	59,117,670	73,432,266	77,023,371
	Fund Category **Proprietary Funds** Totals	91,337,825	59,117,670	73,432,266	77,023,371
Fund Category **Governmental Funds**					
Fund Type **Special Revenue Funds**					
200	Flood Protection Operations	15,260,267	4,993,351	3,417,400	16,836,218
210	Flood Protection/Drainage DIF	41,506,429	3,557,906	421,571	44,642,764
	Fund Type **Special Revenue Funds** Totals	56,766,696	8,551,257	3,838,971	61,478,982
	Fund Category **Governmental Funds** Totals	56,766,696	8,551,257	3,838,971	61,478,982
	Grand Totals	148,104,521	67,668,927	77,271,237	138,502,354

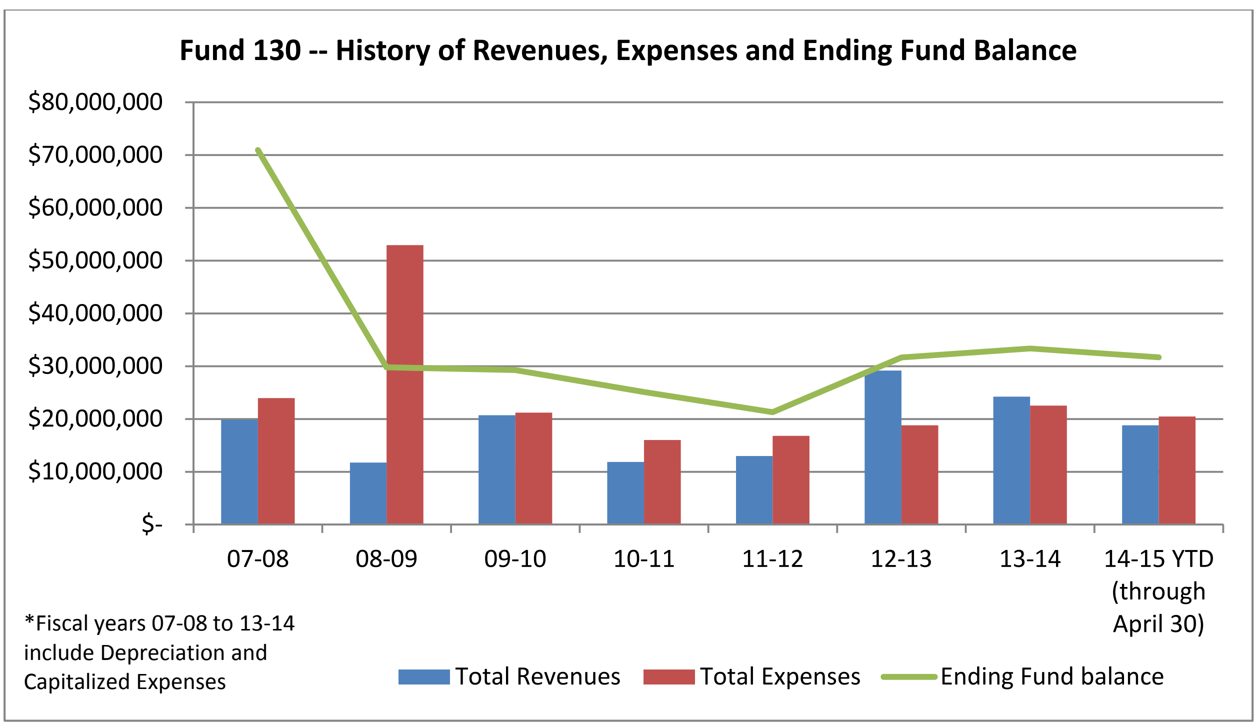
Please note:

This report shows the total reserves or fund balance for each fund on a cash basis. Annually after making accruals for revenues and expenses and closing the books, individual reserves are calculated and reported in the audit. Individual reserves are not calculated on a monthly basis because the timing differences in the receipt of revenues and payment of expenses as well as lack of accruals are likely to produce misleading results.


Fund 100 -- History of Revenues, Expenses and Ending Fund Balance
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
07-08
08-09
09-10
10-11
11-12
12-13
13-14
14-15 YTD (through April 30)
*Fiscal years 07-08 to 13-14 include Depreciation and Capitalized Expenses
Total Revenues
Total Expenses
Ending Fund balance


Fund 110 -- History of Revenues, Expenses and Ending Fund Balance
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
07-08
08-09
09-10
10-11
11-12
12-13
13-14
14-15 YTD (through April 30)
*Fiscal years 07-08 to 13-14 include Depreciation and Capitalized Expenses
Total Revenues
Total Expenses
Ending Fund balance


Fund 120 -- History of Revenues, Expenses and Ending Fund Balance
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
07-08
08-09
09-10
10-11
11-12
12-13
13-14
14-15 YTD (through April 30)
*Fiscal years 07-08 to 13-14 include Depreciation and Capitalized Expenses
Total Revenues
Total Expenses
Ending Fund balance


Fund 130 -- History of Revenues, Expenses and Ending Fund Balance
$80,000,000
$70,000,000
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$-
07-08
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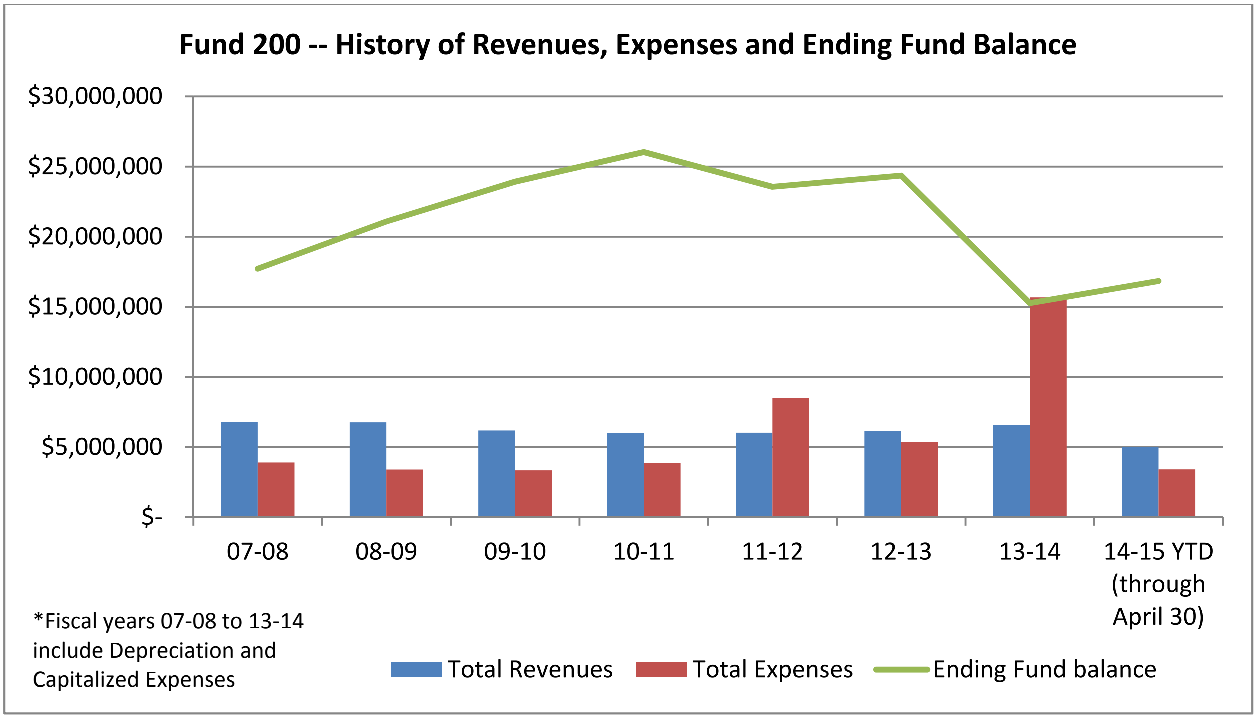
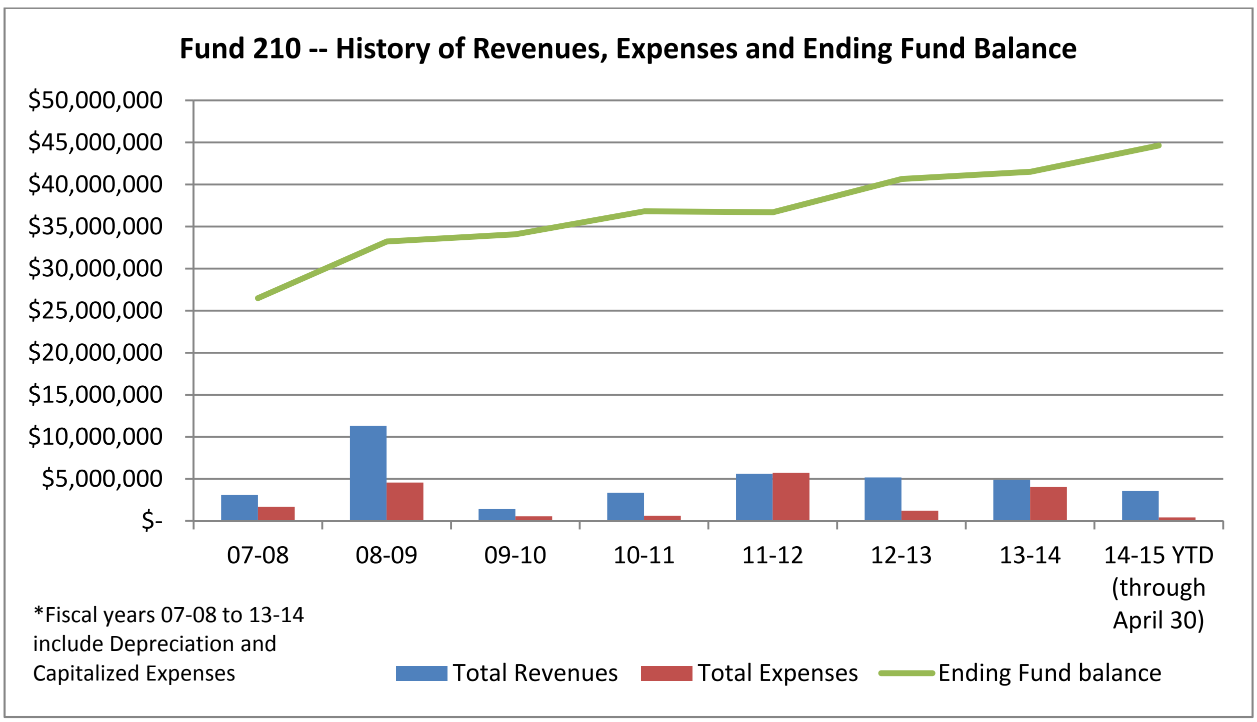
11-12
12-13
13-14
14-15 YTD (through April 30)
*Fiscal years 07-08 to 13-14 include Depreciation and Capitalized Expenses
Total Revenues
Total Expenses
Ending Fund balance


Fund 200 -- History of Revenues, Expenses and Ending Fund Balance
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
07-08
08-09
09-10
10-11
11-12
12-13
13-14
14-15 YTD (through April 30)
*Fiscal years 07-08 to 13-14 include Depreciation and Capitalized Expenses
Total Revenues
Total Expenses
Ending Fund balance


Fund 210 -- History of Revenues, Expenses and Ending Fund Balance
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
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07-08
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10-11
11-12
12-13
13-14
14-15 YTD (through April 30)
*Fiscal years 07-08 to 13-14 include Depreciation and Capitalized Expenses
Total Revenues
Total Expenses
Ending Fund balance

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: May 20, 2015 ITEM NO. **14c**

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of Agency consultants, monitors legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.
- Governor Jerry Brown proposed legislation that among other things would impose fines of as much as $10,000 per infraction for the "worst offenders" in wasting water, and extends the authority to issue warnings or citations to wholesale and retail water agencies, cities and counties.
- On April 29, the governor announced a new statewide goal to reduce greenhouse gas emissions by 40 percent of 1990 levels by the year 2030. It is the most aggressive goal in North America. The directive will help form discussion of a package of climate change bills before the Legislature. The governor's action will require that climate change be factored into state agencies' planning and investment decisions. Measures to reduce emissions will be implemented by existing agency and department authority.
- Governor Brown joined top federal officials in unveiling plans to replace the Bay Delta Conservation Plan with an alternative that would separate key components in order to accelerate environmental restoration of the Delta (California EcoRestore) and to build the two tunnels beneath the Delta (California WaterFix). The new plan was developed to address the concern of the wildlife agencies about issuing a 50-year BDCP permit for operations with the uncertainties of climate change and predicting how effective the habitat improvements will be in restoring endangered species. The new plan calls for restoration and improvement of 30,000 aces in the Delta with expenditures of $300 million. The tunnel intakes were redesigned again to lessen the impacts on surrounding Delta communities.
- Policy committees had a May 1 deadline to act on bills with a $150,000 fiscal impact.

RECOMMENDED ACTION: Information only

EXECUTIVE SUMMARY
State Legislation

The Gualco Group, Inc.®

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

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
Water Management				
AB 149 (Chavez)	Urban water management plans	This bill would require each urban water supplier to update and submit its 2020 urban water management plan to the Department of Water Resources by July 1, 2021.	Watch	On Assembly Floor
AB 935 (Salas)	Integrated Regional Water Management Plans: conveyance projects: grants and expenditures	This bill would require the Department of Water Resources to provide grants and expenditures, consistent with an integrated regional water management plan, for the planning, design, and construction of local and regional conveyance projects that support regional and interregional connectivity and water management and provide certain benefits	Watch	In Assembly Committee on Appropriations
SB 664 (Hertzberg)	Water: urban water management planning	This bill would require an urban water supplier to include within its plan a seismic risk assessment and mitigation plan to assess the vulnerability of each of the various facilities of a water system and mitigate those vulnerabilities.	Watch	In Senate Committee on Appropriations
Groundwater				
AB 617 (Perea)	Groundwater	This bill would authorize a combination of one or more local agencies and one or more mutual water companies to enter into an agreement to form a groundwater sustainability agency and would authorize a groundwater sustainability agency formed by a joint powers agreement to exercise the powers granted in the Sustainable Groundwater Management Act.	Watch	In Assembly Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
AB 936 (Salas)	Groundwater monitoring	This bill would authorize the Department of Water Resources to exempt an entity from this eligibility restriction if the entity submits to the department for approval documentation demonstrating that there are special circumstances justifying the entity's noncompliance, including, but not limited to, that a significant portion of the entity's service area qualifies as a disadvantaged community and that the water grant or loan project includes those actions needed to comply with groundwater monitoring functions.	Watch	In Assembly Committee on Appropriations
AB 937 (Salas)	Groundwater storage: beneficial use	This bill would require the Department of Water Resources to provide technical assistance to disadvantaged communities so that they may participate in groundwater planning, including, but not limited to, plans for regional groundwater banking, with any county or other local agency.	Watch	In Assembly Committee on Appropriations
AB 938 (Salas)	Groundwater: basin reprioritization: establishment of groundwater sustainability agency	This bill would impose a requirement to establish a groundwater sustainability agency or submit an alternative after reprioritization on a local agency or combination of local agencies overlying a groundwater basin.	Watch	In Senate Committee on Rules
AB 939 (Salas)	Groundwater sustainability agency: financial authority	The Sustainable Groundwater Management Act authorizes a groundwater sustainability agency to impose fees to fund the costs of a groundwater sustainability program and requires a groundwater sustainability agency to hold at least one public meeting prior to imposing or increasing a fee. This bill would require a groundwater sustainability agency to make the data upon which the proposed fee is based available 20 days prior to the public meeting to impose or increase a fee.	Watch	In Senate Committee on Rules
AB 1242 (Gray)	Water quality: impacts on groundwater basins: mitigation measures	This bill would require the State Water Resources Control Board to evaluate impacts on groundwater basins, consider alternatives and mitigation measures to avoid or mitigate any adverse impacts on groundwater quality or supply, and avoid or mitigate those adverse impacts to the extent feasible before adopting or approving water quality objectives or a program of implementation that requires instream flows for protection of instream beneficial uses.	Watch	In Assembly Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
AB 1243 (Gray)	Groundwater recharge: grants	This bill would establish the Groundwater Recharge Grant Fund and would provide that money in the fund is available, upon appropriation by the Legislature, to the State Water Resources Control Board to provide grants to local governments and water districts for groundwater recharge infrastructure projects.	Watch	In Assembly Committee on Water, Parks and Wildlife
AB 1390 (Alejo)	Groundwater: adjudication	This bill would establish special procedures for an adjudication actions, which is defined as an action filed in superior court to determine the rights to extract groundwater within a basin or store water from a basin, as specified. The bill would authorize the court to determine all rights to groundwater in a basin whether based on appropriation, overlying right, or other basis of right. The bill would require these special procedures to govern all adjudication actions except in specified cases not involving allocation of a basin's groundwater supply.	Watch	In Assembly Committee on Appropriations
SB 13 (Pavley)	Groundwater	This bill would specify that the State Water Resources Control Board is authorized to designate a high- or medium-priority basin as a probationary basin. This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin.	Watch	At Assembly Desk
SB 173 (Nielsen)	Groundwater: de minimis extractors	This bill would define a de minimis extractor as a person who extracts, for domestic purposes, 10 acre-feet or less per year.	Watch	In Senate Committee on Natural Resources and Water
Well Reports				
SB 20 (Pavley)	Wells: reports: public availability	This bill would require the Department of Water Resources to, upon request, make the report of any person who digs, bores, or drills a water well, cathodic protection well, or a monitoring well, or abandons or destroys a well, or deepens or re-perforates a well, available to the public.	Watch	In Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
CEQA				
AB 311 (Gallagher)	Environmental quality: Water Quality, Supply, and Infrastructure Improvement Act of 2014	This bill would require the public agency, in certifying the environmental impact report and in granting approvals for specified water storage projects funded, in whole or in part, by Proposition 1. The bill would authorize the public agency to concurrently prepare the record of proceedings for the project.	Watch	In Assembly Committee on Natural Resources
AB 455 (Bigelow)	Groundwater sustainability plans: environmental impact reports	This bill would require the Judicial Council, on or before July 1, 2016, to adopt a rule of court to establish procedures applicable to actions or proceedings brought to attack, review, set aside, void, or annul the certification of an EIR for projects covered by a groundwater sustainability plan that require the actions or proceedings be resolved within 370 days of certification of the record of proceeding.	Watch	In Assembly Committee on Water, Parks and Wildlife
AB 1398 (Wilk)	Environmental quality: the Sustainable Environmental Protection Act	This bill would enact the Sustainable Environmental Protection Act and would specify the environmental review required pursuant to CEQA for projects related to specified environmental topical areas. The bill would provide that the act only applies if the lead agency or project applicant has agreed to provide to the public in a readily accessible electronic format an annual compliance report prepared pursuant to the mitigation monitoring and reporting program.	Watch	In Assembly Committee on Natural Resources
SB 127 (Vidak)	Environmental quality: Water Quality, Supply, and Infrastructure Improvement Act of 2014	This bill would require the public agency, in certifying the environmental impact report and in granting approvals for projects funded, in whole or in part, by Proposition 1, including the concurrent preparation of the record of proceedings and the certification of the record of proceeding within 5 days of the filing of a specified notice, to comply with specified procedures.	Watch	In Senate Committee on Environmental Quality
Public Works				
AB 251 (Levine)	Public Works: public subsidies	This bill would provide that a public subsidy is de minimis if it is both less than $25,000 and less than 1% of the total project cost. The bill would specify that those provisions do not apply to a project that was advertised for bid, or a contract that was awarded, before January 1, 2016.	Watch	In Senate Committee on Rules

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
AB 1315 (Alejo)	Public contracts: water pollution prevention plans: delegation	This bill would prohibit a public entity, charter city, or charter county from delegating to a contractor the development of a plan, as defined, used to prevent or reduce water pollution or runoff on a public works contract, except as provided. The bill would also prohibit a public entity, charter city, or charter county from requiring a contractor on a public works contract that includes compliance with a plan to assume responsibility for the completeness and accuracy of a plan developed by that entity.	Watch	In Assembly Committee on Appropriations
Invasive Species				
AB 300 (Alejo)	Safe Water and Wildlife Protection Act of 2015	This bill would enact the Safe Water and Wildlife Protection Act of 2015, which would require the State Water Resources Control Board to establish and coordinate the Algal Bloom Task Force.	Watch	In Assembly Committee on Appropriations
SB 223 (Galgiani)	Division of Boating and Waterways: oversight committee: invasive aquatic plants	This bill would require the Division of Boating and Waterways, no later than January 1, 2017, to establish an advisory and oversight committee to evaluate and monitor the activities of the division relating to the management and control or eradication of invasive aquatic plants in the Sacramento-San Joaquin Delta.	Watch	In Senate Committee on Appropriations
Governance				
AB 386 (Dahle)	Tulelake Irrigation District	This bill would provide that, for the Tulelake Irrigation District, every owner of real property assessed by the district, but no others, is authorized to vote at district elections for director, as prescribed. The bill would provide that a director of the Tulelake Irrigation District, at the time of his or her nomination or appointment and through his or her entire term, is required to be a registered voter in California, reside within the district or within 10 miles of the exterior boundaries of the district and within California, and be a landowner, or a specified legal representative of a landowner, within the division he or she represents.	Watch	In Assembly Committee on Local Government

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
AB 402 (Dodd)	Local agency: services: contracts	This bill would additionally allow a commission to authorize a city or district to provide new or extended services outside its jurisdictional boundaries to support existing or planned uses involving public or private properties, subject to approval at a publicly noticed hearing where the commission makes specified determinations.	Watch	In Assembly Committee on Local Government
AB 656 (Garcia)	Joint powers agreements: mutual water companies	This bill would specifically authorize 2 or more mutual water companies, or 2 or more mutual water companies and one or more public agencies that operate a public water system, to participate in joint powers agreement for risk-pooling, technical support, and other similar services.	Watch	On Assembly Floor
SB 272 (Hertzberg)	The California Public Records Act: local agencies: inventory	This bill would require each local agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the Office of the clerk of the agency's legislative body, and to post the catalog on the local agency's Internet Web site.	Watch	In Senate Committee on Appropriations
SB 554 (Wolk)	California Water Commission: disqualifying financial interest; removal from office	This bill would remove a member of the California Water Commission from office if after trial a court finds that the commission member has knowingly participated in any commission decision in which the member has a disqualifying financial interest in the decision.	Watch	In Senate Committee on Elections and Constitutional Amendments
SB 704 (Gaines)	Public officers and employees: conflict of interest	This bill would include in the definition of "remote interest" the interest of a person who is an owner or partner of a firm serving on an advisory board or commission to the contracting agency, if the duties of the advisory board or commission do not include providing advice with respect to seeking or awarding contracts and if the owner or partner recuses himself or herself from all participation in reviewing a project that results from a contract between the firm and the contracting agency.	Watch	In Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
Sacramento-San Joaquin Delta				
AB 501 (Levine)	Resources: Delta research	This bill would require a person conducting Delta research, 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	In Assembly Committee on Appropriations
AB 1201 (Salas)	Fish and wildlife: Sacramento-San Joaquin Delta: predation by nonnative species	This bill would require the Department of Fish and Wildlife, by June 30, 2016, to develop and initiate a science-based approach that addresses predation by nonnative species upon species of fish listed pursuant to the act that reside all or a portion of their lives in the Sacramento-San Joaquin Delta.	Favor	In Assembly Committee on Appropriations
AB 1325 (Salas)	Delta smelt	This bill would enact the Delta Smelt Preservation and Restoration Act of 2016. The act would require the Department of Fish and Wildlife to develop a Delta smelt hatchery program to preserve and restore the Delta smelt.	Favor	In Assembly Committee on Water, Parks and Wildlife
Energy				
AB 568 (Dodd)	Reclamation District No. 108: hydroelectric power	Existing law authorizes Reclamation District No. 1004, in conjunction with the County of Colusa, to construct, maintain, and operate a plant, transmission lines, and other necessary or appropriate facilities for the generation of hydroelectric power. This bill would grant the above-described hydroelectric power authority to Reclamation District No. 108.	Watch	In Assembly Committee on Utilities and Commerce
SB 471 (Pavley)	Water, energy, and reduction of greenhouse gas emissions: planning	This bill would require the State Air Resources Board, in cooperation with various other agencies, to develop an emissions inventory of greenhouse gas emissions from the water system in the state, using best available data. The bill would provide water recycling, wastewater treatment, water end-use efficiency, water technology improvements, best management practices, and other projects that reduce water system greenhouse gas emissions shall be eligible for funding from the Greenhouse Gas Reduction Fund.	Watch	In Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
SB 758 (Block)	Atmospheric Rivers Research and Mitigation Fund	This bill would establish the Atmospheric Rivers Research and Mitigation Program in the Department of Water Resources to research the causes and effects of atmospheric rivers, and to take actions to capture water generated by atmospheric rivers to increase the water supply and reliability of water resources in the state and to operate reservoirs in a manner that improves flood protection in the state.	Watch	In Senate Committee on Appropriations
Water Efficiency				
AB 585 (Melendez)	Outdoor Water Efficiency Act of 2015: income tax credits: outdoor water efficiency	This bill, for taxable years beginning on or after January 1, 2015, and before January 1, 2021, or an earlier specified date, would allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for water-efficiency improvements made to outdoor landscapes on qualified real property in this state, not to exceed $2,500 per taxable year, as specified.	Watch	In Assembly Committee on Revenue and Taxation
SB 553 (Wolk)	Water Conservation	This bill would require the Department of General Services to identify each public property in the department's state property inventory where it is feasible for water consumption to be reduced and water efficiencies to be achieved through implementation of the relevant recommendations made in the model water efficient landscape ordinance and would require the department to implement the relevant recommendations where feasible.	Watch	In Senate Committee on Appropriations
Disadvantaged Communities				
AB 615 (Rendon)	Office of Sustainable Water Solutions: technical assistance	This bill would specify the types of technical assistance services that may be provided by the Office of Sustainable Water Solutions and would authorize the office to establish and administer at least one "Center for Excellence" for the purpose of providing technical assistance to disadvantaged communities	Watch	In Assembly Committee on Appropriations
SB 552 (Wolk)	Public water systems: disadvantaged communities: drinking water standards	This bill would require, by January 1, 2017, the State Water Resources Control Board to develop a report identifying specific funding and enforcement mechanisms necessary, to ensure that disadvantaged communities have water systems that are in compliance with state and federal drinking water standards.	Watch	In Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
Water Use				
AB 647 (Eggman)	Beneficial use: storing of water underground	This bill would declare that the storing of water underground constitutes a beneficial use of water if the diverted water is used while it is in underground storage for specified purposes. This bill would provide that the period for the reversion of a water right does not include any period when the water is being used in the aquifer or storage area or is being held in storage for later application to beneficial use.	Watch	In Assembly Committee on Appropriations
AB 1244 (Gray)	Water rights: small irrigation use	This bill would require the State Water Resources Control Board to adopt general conditions, in consultation with the Department of Food and Agriculture, the University of California Cooperative Extension, and others, including, but not limited to the Department of Fish and Wildlife, for small irrigation use, unless the board determines that sufficient funds are not available for that purpose.	Watch	In Assembly Committee on Water, Parks and Wildlife
SB 555 (Wolk)	Department of Water Resources: urban retail water suppliers: water loss audits	Would require each urban retail water supplier, on or before July 1, 2017, and annually each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided.	Watch	In Senate Committee on Appropriations
Well Stimulation (Fracking)				
AB 1490 (Rendon)	Oil and gas: well stimulation treatments: seismic activities	This bill would prohibit a well operator from conducting a well stimulation treatment following the occurrence of an earthquake of magnitude 2.0 or higher on a well that is within a radius of an unspecified distance from the epicenter of the earthquake until the division completes a certain evaluation and is satisfied that the well stimulation treatment does not create a heightened risk of seismic activity. The bill would also prohibit wastewater disposal wells and all well stimulation treatments within 10 miles of a recently active fault.	Watch	In Assembly Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
Drinking Water				
AB 1173 (Williams)	Water equipment: backflow prevention devices testing: certification	This bill would require, if a local health officer does not maintain a program for certification of backflow prevention device testers, the testing and maintenance of a backflow prevention device be performed by a person who has received a California-specific certification for testing backflow prevention devices from one of specified entities or a similar certification provider deemed acceptable by the state board or the local health officer.	Watch	In Assembly Committee on Appropriations
AB 1376 (Perea)	State Water Resources Control Board: appropriation: drought-related drinking water projects	This bill would make nonsubstantive changes to water-quality-related investigation provisions.	Watch	In Assembly Committee on Water, Parks and Wildlife
SB 385 (Hueso)	Primary drinking water standards: hexavalent chromium: compliance plan	This bill would authorize, until January 1, 2020, the State Water Resources Control Board, at the request of a public water system, that prepares and submits a compliance plan to the state board, to grant a period of time to achieve compliance with the primary drinking water standard for hexavalent chromium by approving a compliance plan.	Watch	In Senate Committee on Judiciary
Water Quality				
AB 1454 (Wagner)	Water quality standards: trash: single-use carryout bags	This bill would suspend the operation of certain amendments to water quality control plans relating to the total maximum daily load for trash unless and until the provisions inoperative due to a pending referendum election become effective.	Watch	In Assembly Committee on Rules
SB 615 (Berryhill)	Waste discharge requirements: waivers: managed wetlands	This bill would require that managed wetlands be presumed to not pose a significant threat to water quality and would require, with respect to managed wetlands, the state board and regional boards to waive the reporting requirements, regional board prescribed waste discharge requirements, and monitoring requirements of the waiver program, except that the state board or a regional board shall require water quality monitoring of a managed wetland not more than once during the duration of each waiver period unless results of downstream monitoring demonstrate a violation of water quality discharge standards.	Watch	In Senate Committee on Environmental Quality

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 05/02/15
Spot Bills				
AB 478 (Harper)	Desalination	Current law provides that is it the intention of the Legislature that the Department of Water Resources shall undertake to find economic and efficient methods of desalting saline water so that desalted water may be made available to help meet the growing water requirements of the state. This bill would make a nonsubstantive change in these provisions.	Watch	Introduced
AB 1128 (Jones-Sawyer)	Water conservation	This bill would make nonsubstantive changes to existing law that declares the intent of the Legislature to promote urban water conservation standards.	Watch	Introduced
AB 1473 (Salas)	California Environmental Quality Act	This bill would make technical, nonsubstantive changes to provisions relating the California Environmental Quality Act.	Watch	Introduced
AB 1499 (Gray)	Property tax: revenue allocations	This bill would make a nonsubstantive change to the provision relating to allocation of property tax revenues to local jurisdictions.	Watch	Introduced
SB 568 (Fuller)	Waste discharge requirements: waivers: managed wetlands	This bill would declare the intent of the Legislature to enact legislation relating to the Sustainable Groundwater Management Act.	Watch	Introduced
SB 756 (Stone)	California Environmental Quality Act	This bill would state the intent of the Legislature to enact legislation to amend CEQA.	Watch	Introduced
SB 768 (Wieckowski)	Water-conserving plumbing fixtures	This bill would make technical, nonsubstantive changes to these findings and declarations regarding the replacement of plumbing fixtures that are not water conserving	Watch	Introduced
SB 772 (Stone)	Bay Delta Conservation Plan: judicial review	This bill would state the intent of the Legislature to enact legislation establishing judicial review procedures for the Bay Delta Conservation Plan.	Watch	Introduced

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/TOM PICO

AGENDA DATE: May 20, 2015 ITEM NO. **14d**

SUBJECT: Outreach Activities

E-Newsletters, April 10th and 30th

The April 10th e-newsletter had articles on 1) how Zone 7's service area is already in a position to meet California's mandated reduction in water use by continuing last year's water-saving measures, 2) the Agency's 2015 water supplies and 3) Agency planning for the future. The April 30th e-newsletter encouraged everyone to keep up the great conservation efforts, and had an article on Zone 7's special activities planned as part of Water Awareness Month.

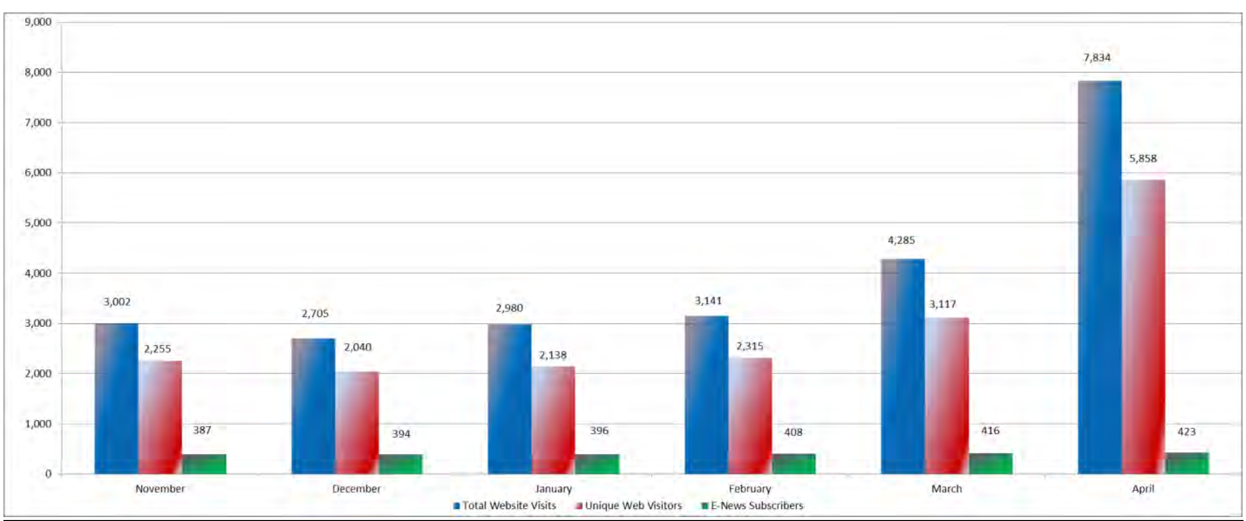
Water Conservation Plant & Gardening Event, April 11th

Zone 7 joined with the Valley's participating water retailers and Home Depot to sponsor this event at the Home Depot store in Pleasanton. Water conservation education and tips were provided at more than 20 specialty booths.

Spring Wildflower Festival, April 18th

Zone 7 had an exhibit with water conservation and pollution prevention messaging and activities at the East Bay Regional Park District's Spring Wildflower Festival at Sunol Regional Wilderness. This family-oriented event was geared to environmental education. Among other things, Zone 7 talked about water-wise gardening and distributed water-conserving devices.

Website & E-news Subscription Activity



ORIGINATING SECTION: Engineering
CONTACT: Rhett Alzona

AGENDA DATE: May 20, 2015

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

SUMMARY:

- Lake Del Valle's water level is holding steady, with releases to the Arroyo Valle continuing at 11 cubic feet per second (cfs) including 2.5 cfs to Shadow Cliffs. The current lake level in Del Valle is 704.1 (40,700 AF).

- Raw water TOC concentrations were observed to be around 5.5 mg/L to 5.8 mg/L at the treatment plants in April, slightly lower than last month. However, coagulant demand continues to be higher than normal to combat the elevated TOC levels. Pilot testing of carbon dioxide at Del Valle is providing only minor relief.

- Following is the status of the ongoing emergency projects approved by the board:

    1. Busch Valley Well No. 1, Phase 1 – Zone 7 entered into a Progressive Design-Build (D/B) contract with Conco West, Inc. (with Stantec as sub-consultant). Along with the Basis of Design, Zone 7 is proceeding with Phase 1 work to provide a connection for the new well to the Zone 7 transmission system. In the near term, in case of limited to no surface water, this connection gives Zone 7 the option of using a temporary booster pump station to pump well water from the west side to the east side of the Zone 7 transmission system. This will be the final work to be undertaken before the remainder of the Busch Valley Well project is deferred. The Zone 7 Board has approved up to $2.15 million which includes Zone 7 staff time, PG&E service, right-of-way engineering, and contingencies for the remaining work.

       Phase 1 work began late due to design and construction coordination issues with PG&E. To accommodate PG&E design issues, Zone7/Conco needed to extend the pipeline connection beyond the PG&E overhead power lines to avoid vertical clearance conflicts. Vertical clearance was also an issue that needed to be coordinated during construction as the trench and connection point to the Vineyard Pipeline is deep enough to require shoring. Lifting the shoring panels vertically to install them in the trench was at issue with the PG&E vertical clearance underneath the overhead lines. Conco was asked to take extra precautions and coordinate the work with PG&E on-site when needed. To avoid excessive use of shoring panels, Conco is also widening the trench with benches. This extra design and coordination effort may extend the project into early June.

Conco is now installing the connection. To reduce Vineyard Pipeline shutdown time, the actual tie-in to the Vineyard Pipeline will be performed once all of the other pipeline work is complete.

2. Stoneridge Cross Valley Isolation Valve – Stoneridge Well is Zone 7's highest producing well. By itself the well produces water that is just below the current hexavalent chromium (Cr6) drinking water standard maximum contaminant level (MCL). Moreover, by blending with surface water, water at the turnouts can be easily managed below the Cr6 MCL. This new isolation valve enables Zone 7 to direct Stoneridge Well water in the westerly direction in the event the well water exceeds the hexavalent chromium and there is limited surface water. During times of limited to no surface water, Stoneridge Well water can stay below the MCL by blending with other wells and water from the Mocho Groundwater Demineralization Plant on the west side of the Zone 7 transmission system. Zone 7 entered into a Progressive Design-Build contract with Conco West, Inc. (with Stantec as sub-consultant) for a not-to-exceed amount of $452,000. Construction of the valve vault is complete. Construction to install the new valve, electrical systems for remote operation of the new valve and the sump pump line to the sewer system are also underway. This project should be complete before the end of May 2015.

During the month of April both Treatment Plants were online and groundwater use made up only 3% of supply. Cawelo and Semitropic Water Districts continue to recover water for Zone 7. Zone 7 is making releases on Arroyo Valle to maintain a live stream and recharge the groundwater basin. The Mocho Groundwater Demineralization Plant (MGDP) operation was limited to minimum reverse osmosis (RO) feed to maintain the membranes. Minimal MGDP use avoids discharge of the concentrate and minimizes water loss (waste stream is approximately 15% of the amount of groundwater pumped).

- As of May 5, the State Water Project Table A allocation has remained at 20%. This is expected to be the final allocation. DWR may revise allocations if warranted by hydrologic and water supply conditions, although there is no indication that the allocation will be revised.

- DWR's pumping has filled Lake Del Valle been to capacity. Zone 7 also has a claim to about 3,000 AF of local runoff minus a portion that is lost to evaporation.

- Zone 7 continues to store any excess surface water supply (i.e., surface water from the State Water Project that could not be used directly at this time) in San Luis Reservoir.

BACKGROUND:

Calendar Year 2013 was the driest year in recorded state history. 2013 also set a new record as the driest year measured in the Livermore-Amador Valley, with total precipitation of only 4.5 inches out of the average yearly rainfall of 14.47-inches (only 31% of average at Livermore Station 15e). In early January 2014, the snowpack's statewide water content was estimated at about 20% of average for this time of year. On January 17, 2014, Governor Jerry Brown declared a State of Emergency in California due to the current drought conditions and asked all citizens to cut back water use by 20%. On January 29, 2014 at a Special Meeting of the Zone 7

Board, a Local Drought Emergency was declared and a Drought Emergency Response Plan was accepted. In addition, on January 31, 2014, the California Department of Water Resources (DWR) announced they were reducing State Water Project allocations from 5% to zero for the first time in history.

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

On April 16th, the Zone 7 Board received the annual Sustainability Report and authorized the General Manager to implement Stage Two Actions under the 2010 Urban Water Management Plan to achieve 25% demand reductions. On April 25th, Governor Jerry Brown issued a second drought proclamation.

On July 29th, a State Water Resources Control Board emergency regulation to increase conservation practices for all Californians went into effect. The new conservation regulation targets outdoor urban water use and mandates conservation reporting by retail water agencies.

On August 14th, the California Public Utilities Commission ordered the water companies under its jurisdiction to provide notice to their customers of the July 29th emergency regulation.

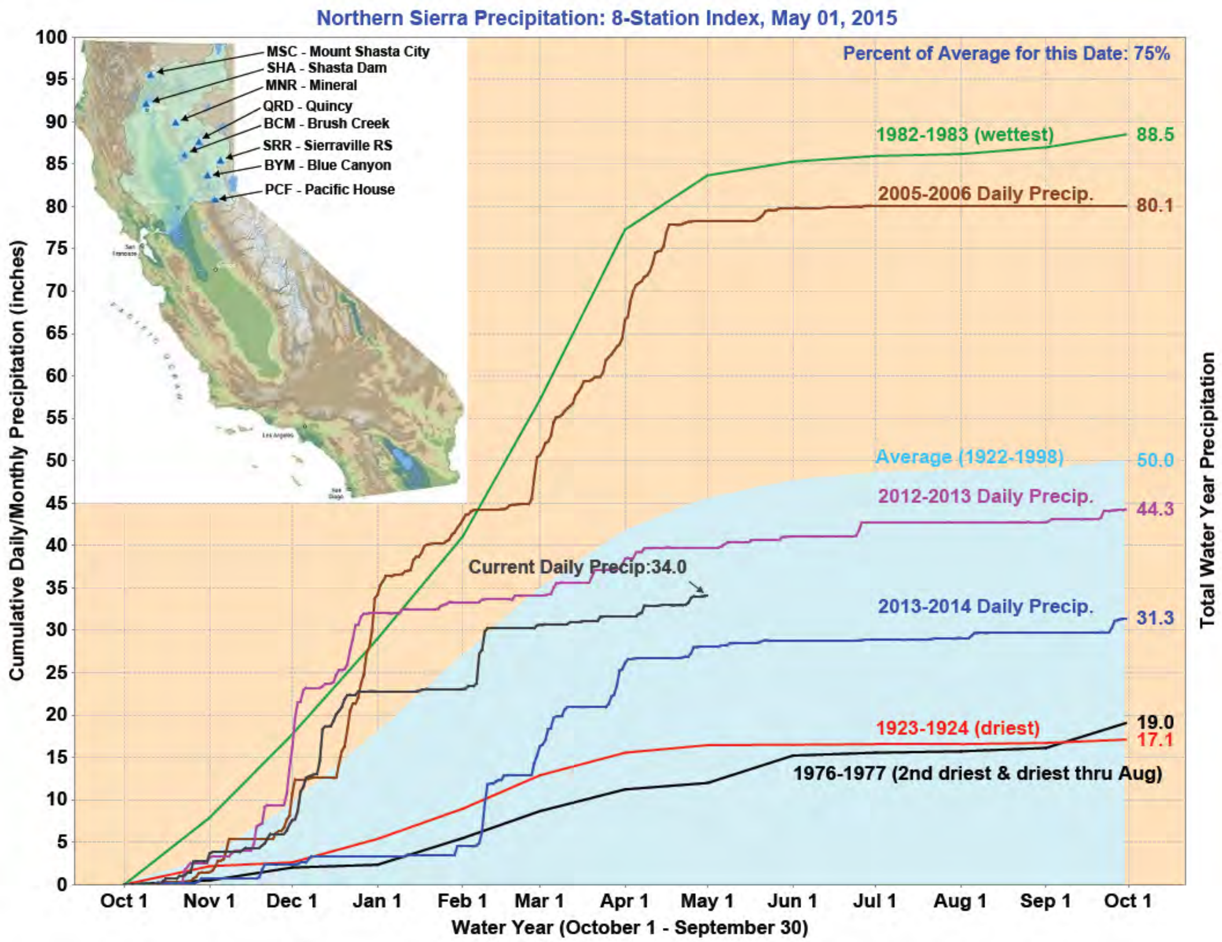
While conditions have improved from Calendar Year 2013, the drought still continues. The fall season of 2014 was relatively dry. A wet December 2014 was followed by a record dry January 2015, the driest January in recorded history for the State and Bay Area. Some rain in February and April helped locally.

On April 1, 2015, DWR's manual snow survey found the statewide snowpack with less water content today than any April 1st since 1950. The dismal snow survey results were followed by a new Executive Order from the Governor mandating 25% demand reduction across California underscoring the continued severity of the drought. The SWRCB is currently developing regulations to implement the Order.

DISCUSSION:

DWR reported there was very little precipitation in April as the Northern Sierra hydrology average is at 34.0 inches compared to an average of 47 inches for this time of year (see graph; or for updates see http://cdec.water.ca.gov/cgi-progs/products/PLOT_ESI.pdf).

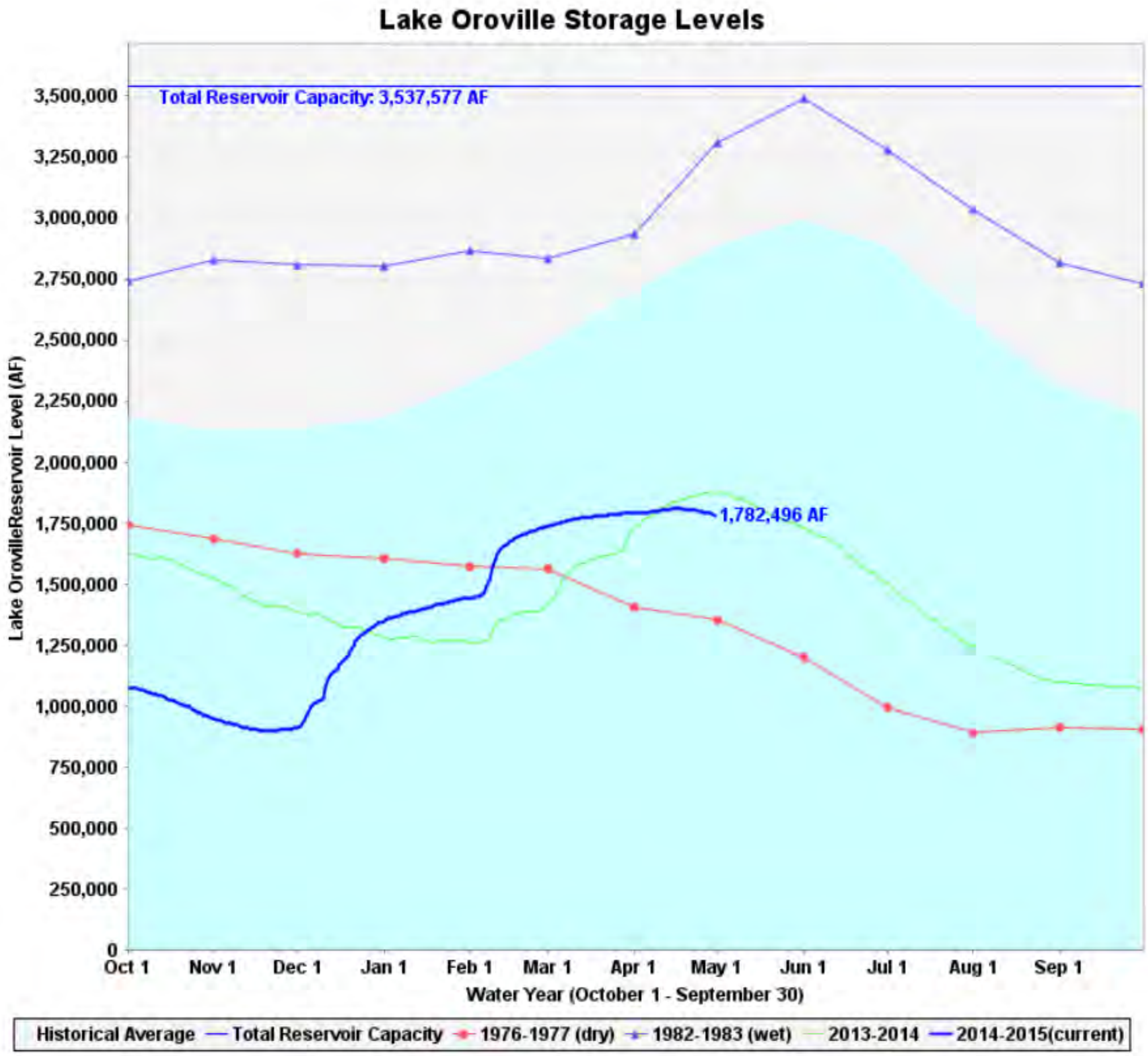
Northern Sierra precipitation is critical as it determines DWR's ability to refill Lake Oroville, which is the primary source of water for Zone 7 (water is released from Lake Oroville into the Feather and then the Sacramento River and from there it is conveyed through the Delta by a series of levees that direct the Oroville releases to the South Delta pumps which bring water to the Livermore Valley and to other State Water Contractors).



The local hydrology for the current Water Year (October 1, 2014-April 30, 2015) is currently at 90% of average conditions to-date at 12.24 inches. This is 16% below the annual average.

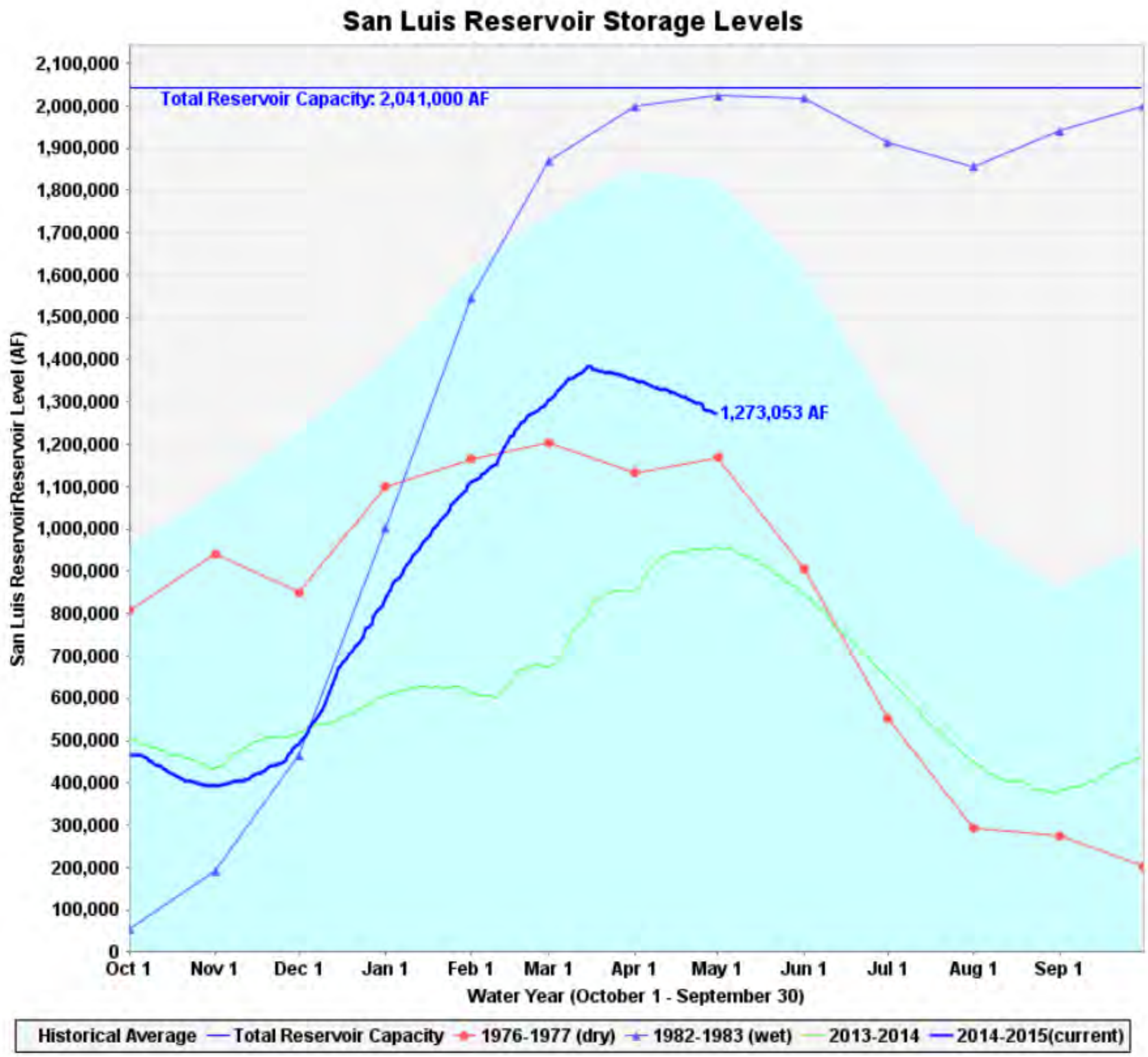
With limited snow pack this year and very little runoff, Lake Oroville levels have begun to dip from last month and are slightly lower than at this time last year. However, Lake Oroville levels continue to be above the 1976-1977 critical dry year conditions (see Oroville graph, below). The current 1,778,496 AF of storage represents 51% of Lake Oroville's total capacity and approximately 63% of the historic average.

Lake Oroville storage levels can be tracked on the DWR data website at
http://cdec.water.ca.gov/cdecapp/resapp/resDetailOrig.action?resid=ORO

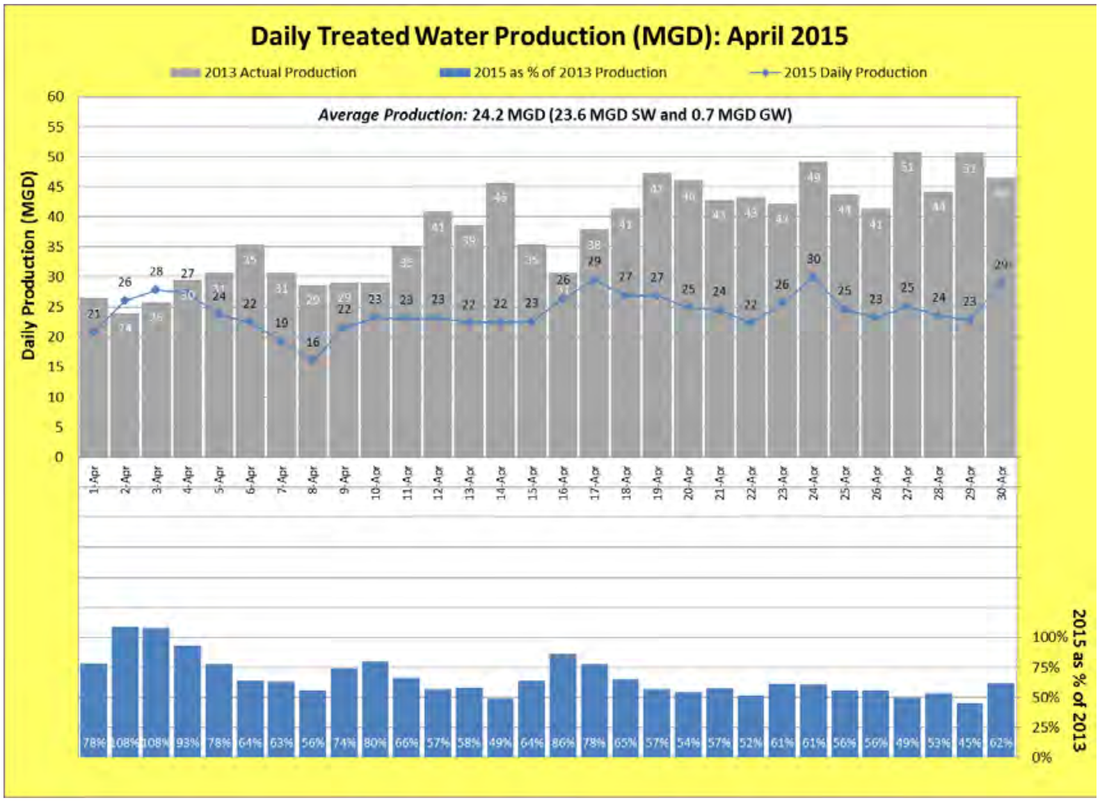


While Lake Oroville levels remain low, as shown in the graph below San Luis Reservoir storage levels are much higher in the Water Year 2014-2015 than the Water Year 2013-2014. The current 1,273,053 AF of storage represents 63% of San Luis Reservoir's total capacity and approximately 70% of the historic average.

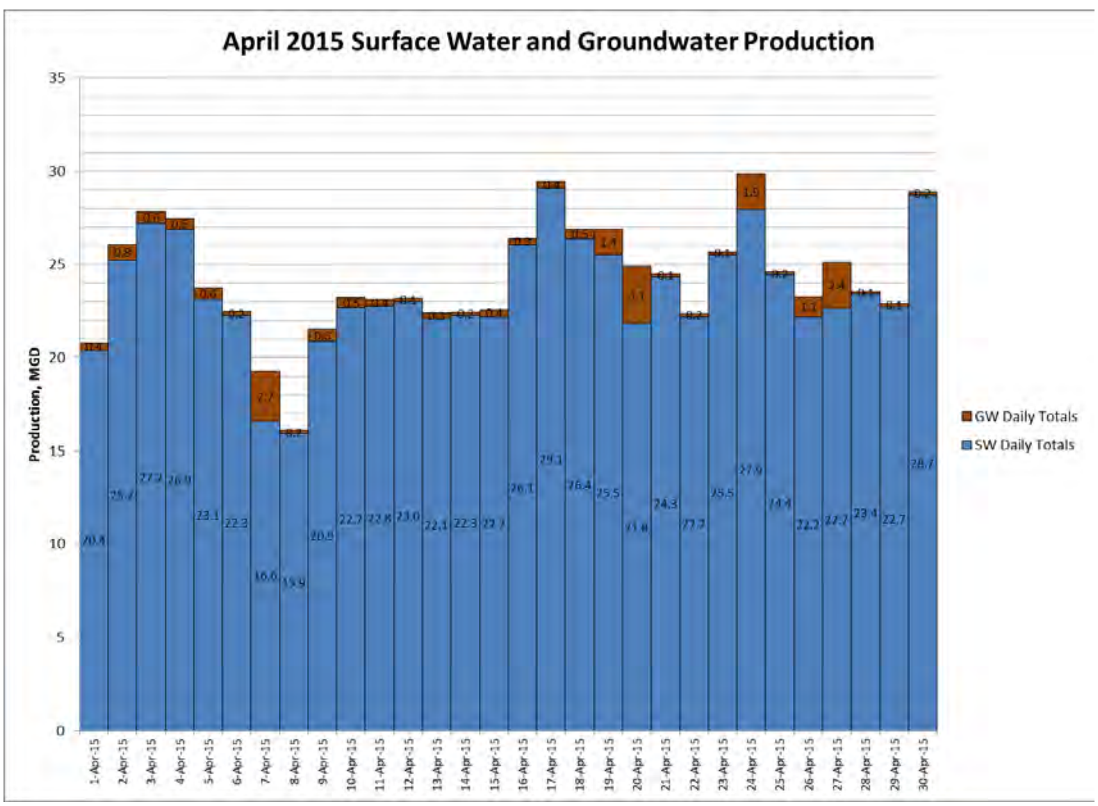
San Luis Reservoir storage levels can be tracked on the DWR data website at
http://cdec.water.ca.gov/cdecapp/resapp/resDetailOrig.action?resid=SNL



Local demands in April increased slightly from 23 MGD to 24 MGD which is still lower than April 2014. Surface water made up 98% of the water supply in April, consisting primarily of banked water from Semitropic Water Storage District (Semitropic) and Cawelo Water District (Cawelo). Del Valle Water Treatment Plant and the Patterson Pass Water Treatment Plant produced an average of 23.6 MGD with wells supplying 0.7 MGD for a total average production of 24.2 MGD.



Daily Treated Water Production (MGD): April 2015
2013 Actual Production
2015 as % of 2013 Production
2015 Daily Production
Average Production: 24.2 MGD (23.6 MGD SW and 0.7 MGD GW)
Daily Production (MGD)
2015 as % of 2013



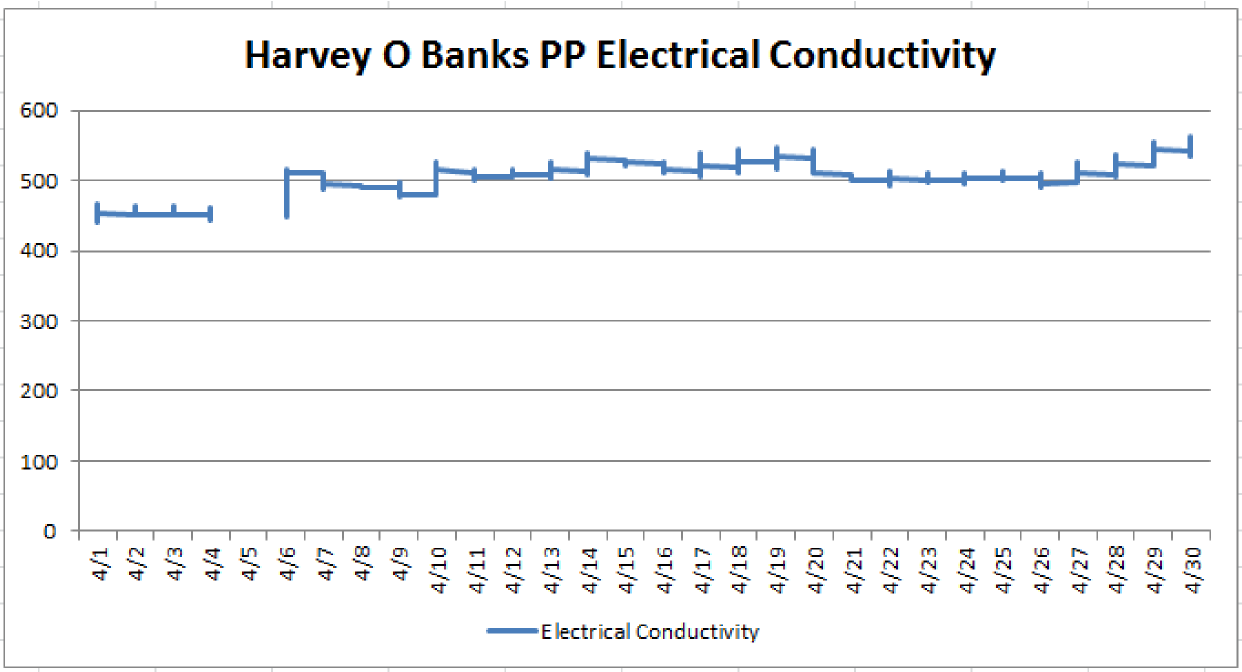
April 2015 Surface Water and Groundwater Production
Production, MGD
GW Daily Totals
SW Daily Totals

As of May 5, the State Water Project Table A allocation has remained at 20%. This is expected to be the *final* allocation. At this time there is no indication that the allocation will be revised.

Semitropic continues recovering water for 2015 and is planning on returning almost 11 TAF by December and an additional 2 TAF in January 2016. Cawelo continues to recover banked water to fulfill Zone 7's 2014 delivery request and is expected to begin 2015 recovery in September.

To be conservative, Zone 7 has been preparing for another drought year in 2016. Zone 7 continues to store any excess surface water supply (i.e., surface water that could not be used directly at this time) in San Luis Reservoir. Zone 7 also continues to work with Contra Costa Water District on an exchange that would allow storage of 2,500 AF in Los Vaqueros Reservoir, located upstream of the Tri-Valley service area.

Electrical conductivity (µS/cm) is measured as a surrogate for TDS (TDS is approximately equal to 0.58 times EC):



Based on the above data, in the month of April, raw water at Harvey O Banks Pumping Plant has total dissolved solids (TDS) ranging around 255 to 326 mg/L which, likely due to runoff, is slightly elevated.

Higher TOC levels continue to impact treatment at the plants requiring higher ferric chloride dosages and more pH adjustments. Ferric chloride dosages have been around 65 to 75 mg/L in April. In the past, Zone 7 treatment plants have operated with ferric chloride dosages in the neighborhood of 25 mg/L.

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

ORIGINATING SECTION: FLOOD PROTECTION
CONTACT: JOE SETO/JARNAIL CHAHAL

AGENDA DATE: May 20, 2015 ITEM NO. **14f**

SUBJECT: Flood Protection Program 2014 Annual Report

SUMMARY:
Staff has completed the Flood Protection Program 2014 Annual Report (attached). The following are a few of the highlights contained in this year's report:

- In support of the Stream Management Master Plan (SMMP) updating effort, staff completed developing system-wide hydrology and hydraulic models that represent the existing conditions of the upper Alameda Creek watershed to help clarify program needs/priorities.
- Completed seven bank repairs totaling 850 linear feet, 15 soil bioengineering brush walls, 4,900 linear feet of access roadway, six outfall structure rehabilitations, 370 linear feet of concrete lining repairs, and two trash collector installations. Total construction cost was $850,000. The planning, permitting, design and construction management was performed directly by Zone 7 staff.
- Other routine maintenance activities such as vegetation management, downed tree removal, hydroseeding, fence and gate repairs, and debris and trash removal were completed.
- Completed the installation of two stream gages adding to Zone 7's stream gaging network. The new gages are located on Alamo Canal and Chabot Canal in Pleasanton. These new gages will provide real time flow-related information during storm events for hydrology and hydraulic model calibration and record daily base flows and temperature readings for environmental studies.
- Completed a majority of the planting plan of the Arroyo Mocho –Stanley Reach Project through the Living Arroyos Program. The Living Arroyos Program, a collaboration among Urban Creeks Council, City of Livermore and Zone 7, seeks to improve the urban streams and streamside habitats of the Livermore-Amador Valley via local community engagement.
- Initiated collaboration with the City of Dublin on the Chabot Canal Regional Stormwater Detention Project and with the East Bay Regional Park District in the completion of the Iron Horse Trail Extension Project through the City of Pleasanton.
- Zone 7, in collaboration with the U.S. Department of Agriculture's Natural Resources Conservation Service, continued working on two bank stabilization projects in Line G-1-1 and the Pleasanton Canal (Line B-5), respectively.

FUNDING:
Funding for this program is provided from Fund 200 – Flood Protection Operations Fund and Fund 210 – Flood Protection Development Impact Fee Fund.

RECOMMENDED ACTION:
Information only.

ATTACHMENTS:
Flood Protection Program 2014 Annual Report.

Zone 7 Water Agency

Flood Protection Program

2014 Annual Report

May 2015

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OVERVIEW

Introduction and Background

Zone 7 of the Alameda County Flood Control & Water Conservation District (Zone 7) was established in 1957 by the voters of the Livermore-Amador Valley in order to place water management, including flood control, under local control through a locally-elected Board of Directors. Zone 7's programs for flood protection and water supply are integrated. Zone 7 provides for the regional management of storm waters in order to protect life, property and habitat from damage within its 430-square-mile service area. Since the 1960s, Zone 7 has imported water from the State Water Project and artificially recharged the local groundwater basin during the summer using otherwise dry flood control channels.

In addition to providing regional flood protection services, Zone 7 also provides wholesale potable water supply to the businesses and residents of Dublin, Livermore, Pleasanton and the Dougherty Valley portion of San Ramon; groundwater basin management for the Livermore-Amador Valley; and untreated irrigation water supplies to Eastern Alameda County agricultural customers.

Although many programs and projects satisfy multiple objectives, Zone 7's Flood Protection Program includes four major sub-programs. Additional details about these sub-programs and descriptions of some of the major activities which occurred during 2014 are in the sections which follow.

- <u>Administration</u>

  Administration includes staffing and training, legal, safety, property management, and regulation compliance.

- <u>Watershed Stakeholders Collaboration</u>

  The Watershed Stakeholder Collaboration Program includes participation in a variety of local and regional efforts with specific emphasis on collaboration with the many public and individual stakeholders in the watershed

- <u>Capital Improvements</u>

  The key Capital Improvement Program (CIP) activities include planning, data collection, hydrologic and hydraulic modeling, financing and budgeting, design and construction management, and working with other entities such as developers, cities, and Non-Governmental Organizations (NGOs) to further partnerships on projects identified in the Stream Management Master Plan (SMMP).

- Maintenance

  The key Maintenance program activities for the 37 miles of Zone 7-owned channel facilities include emergency repairs, routine maintenance and repairs, clearing debris from channels and access roads, vegetation management along the channels, inspections to ensure the system is in good working condition to receive and convey storm waters, and rehabilitation of existing facilities.

Highlighted Accomplishments from 2014

The following are some of the key accomplishments related to Zone 7's Flood Protection Program in 2014, all of which are described in more detail in the following chapters:

- Collaborated with local municipalities and park districts in their planning and construction of trail projects utilizing flood control channel maintenance access roads.

- In support of the Stream Management Master Plan (SMMP) updating effort, staff completed developing system-wide hydrology and hydraulic models that represent the existing conditions of the upper Alameda Creek watershed to help clarify program needs and priorities.

- Completed the installation of two stream gages adding to Zone 7's stream gaging network. The new gages are located on Alamo Canal and Chabot Canal in Pleasanton. These new gages will provide real time flow related information during storm events for hydrology and hydraulic model calibration and daily base flows and temperature readings for environmental studies.

- Initiated collaboration with the City of Dublin on the Chabot Canal Regional Stormwater Detention Project and with the East Bay Regional Park District on the completion of the Iron Horse Trail Extension Project through the City of Pleasanton.

- Zone 7 staff chaired three multi-agency working groups that support environmental studies and collaboration in the Alameda Creek watershed.

- Zone 7, in collaboration with the U.S. Department of Agriculture's Natural Resources Conservation Service, continued working on two bank stabilization projects in Line G-1-1 and the Pleasanton Canal (Line B-5), respectively.

- Zone 7 collaborated with the City of Pleasanton on an arroyo clean-up effort to remove tires, shopping carts and other debris along a two-mile reach of the Arroyo de la Laguna between I-580 and the Arroyo del Valle.

- Completed a majority of the planting plan of the Arroyo Mocho –Stanley Reach Project through the Living Arroyos Program. The Living Arroyos Program, a collaboration among Urban Creeks Council, City of Livermore and Zone 7, seeks to improve the urban streams and streamside habitats of the Livermore-Amador Valley via local community engagement.

- Completed seven bank repairs totaling 850 linear feet, 15 soil bioengineering brush walls, 4,900 linear feet of access roadway, six outfall structure rehabilitations, 370 linear feet of concrete lining repairs, and two trash collector installations. Total construction cost was $850,000. The planning, permitting, design and construction management was performed directly by Zone 7 staff.

- Zone 7 managed various maintenance activities such as vegetation management, downed tree removal, hydroseeding, fence and gate repairs, and debris and trash removal, totaling an additional $500,000.

- Received reimbursement of over $100,000 from Castlewood Country Club for emergency work related to the removal of large slabs of a collapsed concrete structure crossing which was obstructing the Arroyo de la Laguna flow within the Castlewood Country Club property in fall 2013 when a potential threat to public health and safety was identified.

- Staff development activities in 2014 included training in sediment turbidity analysis, hydrology and hydraulic modeling programs, hazardous materials handling and other safety-related classes. In addition, staff attended the Floodplain Management Association annual conference and the San Francisco Estuary annual conference.

ADMINISTRATION

Zone 7 Flood Protection Program's administrative tasks include those related to staffing, planning, budget preparation, preparing board agendas and presentations, updating and managing current agreements and contracts, issuing permits, and mitigation monitoring as appropriate. Zone 7 staff coordinated extensively with other agencies to minimize impacts to the public and utilize Zone 7-owned properties for other compatible community uses such as trails and public education. In addition, staff routinely engages with the public to address citizen complaints and inquiries.

Following is a description of the key administrative activities which occurred in 2014.

Mitigation Monitoring and Reporting Program

A typical Zone 7 Flood Control capital improvement project usually does not end after the construction is completed. Typically, a project requires ongoing monitoring and mitigation of impacts resulting from that project. As a requirement for project approval, Zone 7 must provide a mitigation and monitoring report to various regulatory agencies, such as the California Department of Fish and Wildlife, California Regional Water Quality Control Board, U.S. Army Corps of Engineers and U.S. Fish and Wildlife Service, for a period of five to ten years after project completion to show that the mitigation for the improvements are doing what they were intended to do. Since 2013, with the completion of the Arroyo Mocho Stanley Reach Riparian Restoration and Channel Enhancement Project, Phase 1, Zone 7 began its monitoring and reporting requirements as stipulated in the regulatory permits for the project. Zone 7 is required to monitor both the biological and physical conditions of the restored channel reach for a period of ten years to insure that restoration work is viable and does not affect the channel integrity. Zone 7 staff performs the mitigation monitoring and reporting.

Contract Administration and Management

Zone 7 staff is responsible for administering and managing various consultant and vendor contracts related to flood protection projects and maintenance. This includes the preparation and administration of requests for proposals, contracts, and right-of-way documents. Staff is also responsible for preparing Zone 7 Board agenda items pertaining to flood protection.

Zone 7 staff routinely receives requests from private entities, as well as public agencies, regarding use of a flood protection facility for their projects. While temporary access is usually granted through encroachment permits, long-term access is usually provided, when warranted, through a license agreement with another public agency. A license agreement spells out the terms of operating within a Zone 7 facility, as well as indemnifying Zone 7 from any liabilities that may occur from that entity's use of the property.

In 2014, Zone 7 staff worked on a number of requests for proposals, annual purchase orders, consultant contracts, and construction contract administration, as well as responded to several requests from developers. A trail license agreement amendment and a storm drain maintenance agreement were completed with the City of Pleasanton to allow for the construction and operation of a city-owned and maintained storm drain pipe and a recreational trail along a portion of the south boundary of the Zone 7-owned Lake I property off Mohr Avenue.

Encroachment Permit Program

The Encroachment Permit Program involves engineering design review, inspection, and issuance of encroachment permits. Encroachment permits are necessary when adjacent neighbors have exhausted all other options and request use of Zone 7's access roads for access to work within their properties, or when improvement work is proposed within Zone 7's right-of-way or easement by a local or state agency. The program involves developing permit terms, conditions, fees, insurance and bond requirements. In 2014, Zone 7 issued 36 permits to both private and public agencies and coordinated with applicants to provide safe access to Zone 7 facilities. See Appendix A for a list of encroachment permits issued.

U.S. Army Corps of Engineers PL 84-99 Federal Assistance Program

Zone 7 participates in the U.S. Army Corps of Engineers' (COE) PL 84-99 Federal Assistance Program. The program provides federal funding for Presidential-declared storm related disasters to complete and rehabilitate damaged and eligible facilities participating in the program. One of the conditions required to participate in the program is a bi-annual eligibility inspection conducted by the Army Corps inspectors on all eligible Zone 7 facilities. In 2014, no inspection was conducted by the Army Corps inspectors to determine continued eligibility status; however, staff continued with the necessary maintenance and upkeep work within the flood control facilities to ensure the upcoming 2015 inspection would be satisfactory.

Trail-Use Collaboration and Support

In 2014, Zone 7 staff continued collaboration with the City of Pleasanton, City of Livermore, City of Dublin, East Bay Regional Park District and local trail groups to make sure that the trail use and license agreement terms and conditions were up-to-date and reflected current concerns. In fall 2014, the Iron Horse Trail Extension Project through Pleasanton was completed and opened to the public. With the completion of this trail extension project, the public now can travel along trails between Pittsburg and Livermore without interruption. Further, staff participated in workshop discussions with the City of Dublin on their Dublin Bikeway and Pedestrian Master Plan update effort and provided technical support to the City of Pleasanton on a trail pavement project along a reach of the Arroyo Mocho from Sutter Gate Court to the new Stoneridge Bridge. The project is scheduled for construction in summer 2015. As incidents relating to trail-use occurred, Zone 7 staff worked with the public to ensure safety as a number one priority.

Alameda Countywide Clean Water Program

In 2014, Zone 7 participated in the Alameda Countywide Clean Water Program by implementing best management practices in its maintenance activities, responding to illicit discharges, and contributing data for the Clean Water Program semi-annual reports. Per Clean Water Program requirements, staff kept track of violations such as shopping carts, debris, and spills in

the channels and prepared reports for the Clean Water Program. By staying proactive and being prepared for action when violations arose, Zone 7 has been able to effectively reduce the amount of runoff pollution. Zone 7 also participated in Earth Day 2014, Coastal Clean-Up Day and Dublin Pride Week activities.

In April 2014, Zone 7 collaborated with the City of Pleasanton on an arroyo clean-up effort to remove tires, shopping carts and other debris along a two-mile reach of the Arroyo de la Laguna between I-580 and Arroyo del Valle. Working in concert with the City, the City crew retrieved the debris from the channel floor and Zone 7's contractor worked behind the city crew to place the debris in a dump truck for proper disposal. A total of 82 tires, 2 carts and a lot of miscellaneous pipe debris, with an estimated weight of 3,000 pounds, were removed from the arroyo.

Joint Exercise of Powers Agreement for Aquatic Pesticides NPDES Permit

In compliance with the 2001 statewide General National Pollutant Discharge Elimination System (NPDES) Permit for the discharge of aquatic pesticides to waters of the United States, Zone 7 entered into a Joint Exercise of Powers Agreement (JEPA) in 2003 with the Contra Costa County Public Works Department, Contra Costa County Flood Control and Water Conservation District, Alameda County Public Works Agency, City of Antioch and City of Concord to monitor and implement aquatic pesticide use. Flood Control staff is responsible for attending all meetings and administering contract agreements with the selected consultant. All JEPA member agencies share equally in the costs of monitoring and testing for each pesticide being used and for the costs associated with coordination and administration of the JEPA. With the NPDES permit, Zone 7 is in compliance when aquatic pesticides are used for keeping flood protection channels clear of obstructive vegetation.

Since the replacement of the 2001 general aquatic pesticide NPDES permit with the 2013 Statewide General NPDES Permit for Residual Aquatic Pesticide Discharges from Algae and Aquatic Weed Control Applications, Zone 7 continued to actively participate in the JEPA work group to share common interest and knowledge with other Bay Area flood control agencies to ensure full compliance with the new permit requirements.

Employee Development and Staff Training

In 2014, Zone 7 staff had the opportunity to participate in a number of training classes to improve staff productivity and employee development. Classes included sediment turbidity analysis, hydrology and hydraulic modeling programs, hazardous materials handling and other safety-related classes. In addition, staff attended the Floodplain Management Association annual conference and the San Francisco State of the Estuary annual conference.

In the sediment turbidity analysis class, staff participated in a webinar discussing sediment transport and how to analyze sample results. Staff spent a week of training learning how to make sense of the data being collected and how to estimate sediment loads on the flood control system. The training will help staff make in-house evaluations once collaborative work with SFEI is complete.

At the Floodplain Management Conference titled “Keeping our Heads Above Water,” many beneficial topics were offered including HEC-RAS version 5, 2-D modeling, floodplain management, and drought issues. One interesting topic was Integrated Floodplain Management, which discussed the Gobernadora Multi-Purpose Basin. This project contained elements of water quality treatment, groundwater infiltration, and flood basins, which have similar elements to Zone 7’s plans for the Livermore area north of I-580 and upstream of Holmes Street Bridge on the Arroyo Mocho. Staff felt the conference had valuable information which will assist in the overall flood management effort.

With increased knowledge of these new programs, staff was able to accomplish daily tasks as well as new assignments with greater safety and efficiency.

WATERSHED STAKEHOLDER COLLABORATION PROGRAM

The Watershed Stakeholder Collaboration Program is Zone 7's effort to participate in a variety of local and regional watershed efforts, with specific emphasis on collaboration with the many public and individual stakeholders in the Northern Alameda Creek Watershed. In 2014, Zone 7 staff chaired three multi-agency working groups that support environmental studies and collaboration in the watershed: the Alameda Creek Fisheries Restoration Workgroup, the Alameda Creek Watershed Forum (Council), and the Arroyo de la Laguna Agency Collaborative, as described below. Zone 7 also initiated a multi-partner collaboration program called Living Arroyos.

Alameda Creek Fisheries Restoration Workgroup

The Alameda Creek Fisheries Restoration Workgroup was formed in early 1999 as a collaborative effort among many parties focusing on water flows and habitat restoration in the Alameda Creek watershed to support steelhead trout. A Memorandum of Understanding (MOU) was authorized by the 17 Workgroup members in 2006, and Zone 7 is one of the core funding partners.

A comprehensive study plan, the "Alameda Creek Population Recovery Strategies and In-Stream Flow Assessment for Steelhead Trout," was completed in 2008. Work included an assessment of hydrologic and habitat conditions, identification of strategies for population recovery, and monitoring.

As Chair of this Workgroup, Zone 7 develops the agendas and facilitates the meetings. As a funding partner, we also help guide the studies done on behalf of the Workgroup, and seek ongoing collaboration with all stakeholders. Meetings are held quarterly and are open to the public.

These efforts are in addition to Zone 7's collaborative approach with the National Marine Fisheries Service, under the Statement of Understanding which focuses on NMFS preparation of a recovery plan for the Central California Coast Steelhead.

Alameda Creek Watershed Forum

The Alameda Creek Watershed Forum (formerly the Alameda Creek Watershed Council) consists of representatives from several local agencies, environmental groups, industries and organizations. The Forum's mission is to protect and enhance water-related beneficial uses and resources in the Alameda Creek Watershed in order to create a healthy and sustainable watershed for the community. The Forum promotes collaboration and the sharing of information among all stakeholders.

The Forum has previously held quarterly meetings and an annual conference. As Chair of the Forum, Zone 7 helps to develop the agendas and facilitates the meetings (in coordination with the Alameda County Resource Conservation District, who receives limited funding to assist). In an effort to better align with the needs and wishes of their stakeholders, the Forum is considering moving to two annual conferences and relying more on periodic "e-blasts" to disseminate useful information.

On November 6, 2014, the Alameda Creek Watershed Forum hosted a technical symposium called *Restoration in the Alameda Creek Watershed: Challenges and Solutions*. About 30 participants from agencies and organizations across the east bay gathered for focused discussions on topics including the urban streams restoration program, case study on permitting creek projects, role of a restoration nursery, and enhancing regional capacity for habitat project tracking and assessment.

On May 28, 2014, the Forum held its Annual Conference titled *Perspectives on the Alameda Creek Watershed: Resources, Restoration and Resilience from Bay to Ridge – and Beyond*. Over 60 conference participants enjoyed a jam-packed day of speakers from a wide array of agencies and organizations including Urban Creeks Council, San Francisco Public Utilities Commission, San Francisco Estuary Partnership, and US Geological Survey. Topics were idyllically presented in order from the baylands to the upper watershed, and included south bay salt ponds restoration, sea level rise and flood control, steelhead restoration, green infrastructure for stormwater pollution, and the plan for a new watershed center in Sunol.

Arroyo de la Laguna Agency Collaborative

The Arroyo de la Laguna Agency Collaborative is comprised of agencies and municipalities with facilities that drain into the arroyo itself and the greater Alameda Creek Watershed. More specifically, collaborators include the Alameda County Flood Control and Water Conservation District (Zone 5/6), Alameda County Water District, Contra Costa County Flood Control and Water Conservation District, San Francisco Public Utilities Commission, Zone 7, and the Cities of Dublin, Livermore, Pleasanton, and San Ramon. The Alameda County Resource Conservation District (RCD) and Natural Resources Conservation Service (NRCS) are also engaged in the Collaborative, as some of their work is in or around our waterways. This Collaborative discusses the arroyo as a whole to better understand the scientific and engineering data that is available along with what goals for the arroyo will benefit the stakeholders and local residents. The NRCS is particularly interested in working to better position the local agencies for possible future federal funding or grant opportunities.

Zone 7 serves as unofficial Chair of the Collaborative. In this capacity we set meetings and agendas, and help to foster inter-agency collaboration.

Living Arroyos Program

The Living Arroyos Program is a partnership between Zone 7, the City of Livermore, and the Urban Creeks Council that was initiated in 2013. This program seeks to improve the urban streams and streamside habitats of the Livermore-Amador Valley and engage the local community. Under professional supervision, restoration apprentices (local college students) work with the community to plant native vegetation. The program increases opportunities for local residents to engage in hands-on stewardship and establish relationships to the streams in their own backyards, while contributing to long-term vegetation management strategies across the Valley.

Living Arroyos helps promote healthy streams while enhancing existing flood protection channels

To date, 400 individual volunteers and Living Arroyos staff have planted nearly 1,500 acorn sites (3 acorns per site) at the top of the bank, and over 3,000 riparian tree seedlings and willow stakes along a one-mile stretch of the Arroyo Mocho called the Stanley Reach Project. In Spring 2015, the Program will complete the final portion of the Stanley Reach planting plan by seeding the slopes with native grasses. This plant palette in three distinct zones compliments both floodplain management and function.

In addition, Living Arroyos helped plant oak seedlings along a portion of Arroyo Seco in Livermore where Caltrans removed or damaged mature oaks on Zone 7 property. Overall, the program has provided the community with a window to watershed stewardship, has improved habitat at minimal cost and served as a tool for public education.

Sediment Study

Beginning in the winter of 2010/11, Zone 7 undertook a sediment study to better understand the magnitude of the sediment transport process within the upper Alameda Creek watershed area. Understanding the way the system erodes and deposits sediment will allow Zone 7 to develop a more environmentally sound and cost effective maintenance plan to reduce flooding risks from sediment buildup that can decrease stormwater carrying capacity in some areas. It will help Zone 7 clarify the need, location, size and maintenance frequency of sedimentation basins and other facilities used for stormwater detention during the SMMP updating process. Furthermore, it will provide basic data on sediment flows affecting various riparian habitats. In 2014, Zone 7 staff continued working with San Francisco Estuary Institute staff in this endeavor, as the past drought year provided little opportunity for sampling any sort of major storm event.

Zone 7 and SFEI staff in action

On December 11, a major storm event swept through the Livermore-Amador Valley. The rainfall event was forecast to be a 50-year event. However, by the time the front made its way through, it resulted in being more like a 25 year event. Flow-wise, however, the storm event was merely a 5 year event, as it appeared to be still too early in the season for any appreciable runoff to occur in the drought hit area (the dry ground allowed much of the precipitation to soak in). Staff participated in sediment sampling activities during the event, hoping to catch the peak flows, where sediment is at its greatest. Unfortunately, due to the unpredictable weather pattern, staff caught the initial peak flows, but missed the later peaking event; the collection of sediment samples was still deemed successful.

In August, staff participated in a Webinar discussing sediment transport and how to analyze sample results. Staff spent a week of training learning how to make sense of the data being collected and how to estimate sediment loads on the flood control system. The training will help staff make in-house evaluations, once collaborative work with SFEI is complete.

Lines B-5 and G-1-1 Revegetation Demonstration Project

Line G-1-1 (sod installed on left)

With federal appropriation to the U.S. Natural Resources Conservation Service (NRCS) and in collaboration with the Alameda County Resource Conservation District (RCD), Zone 7 continued to oversee a demonstration project assessing the feasibility of improving bank stability at two locations in Pleasanton. Line G-1-1 has suffered many bank failures due to existing poor soil conditions. With limited additional flow capacity, deep-rooting native grasses (sod) were installed here in lieu of larger shrubs or trees to preserve stormwater flow capacity. A short distance away is Line B-5 (i.e., Pleasanton Canal), which has excess (i.e., 100-year storm) flow capacity above the 1% storm flow and could accommodate adding native trees and shrubs for bank stabilization. Following the planting in winter 2012 at both locations, a two-year post planting monitoring program began to ensure the plants are thriving and receiving the proper care. While the monitoring work was completed and found to be satisfactory at the Line G-1-1 site in winter 2014, the Pleasanton Canal monitoring will continue until spring 2015.

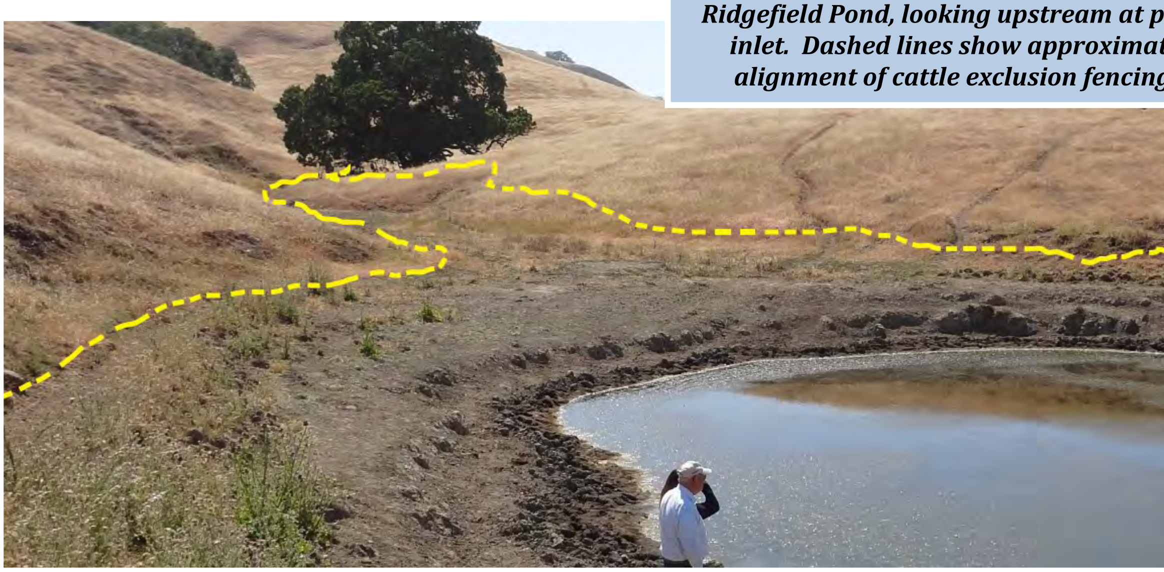
Pleasanton Canal (planting on right)

Public Outreach

Zone 7 recognizes the importance of public concern over flood control activities. In 2014, Zone 7 staff documented, responded to, and investigated 116 complaints and inquiries. Typical inquiries included trail user complaints over graffiti and illegal dumping (e.g., shopping carts, tires, sofas, mattresses, etc.), complaints about downed tree branches and untrimmed vegetation on Zone 7's property, and neighbors' complaints of dust and vibration generated by construction equipment. By working calmly and reasonably with residents, staff was able to resolve many of these concerns while educating the public about flood protection activities. See Appendix B for a list of complaints and inquiries which occurred in 2014.

Lake Del Valle Property Update

Patterson Ranch, purchased by Zone 7 in 2013 for the purpose of watershed protection and preservation, is now referred to as the Lake Del Valle Property. In 2014, Zone 7 partnered with the Alameda County RCD and NRCS and current tenant Paul Banke in the evaluation and planning of several ponds improvement projects on the property that could be covered by the NRCS Environmental Quality Incentives Program (EQIP).



Ridgefield Pond, looking upstream at pond inlet. Dashed lines show approximate alignment of cattle exclusion fencing.

The two high priority projects included in the application were approved and funded by EQIP and are now in the early stages of planning and design:

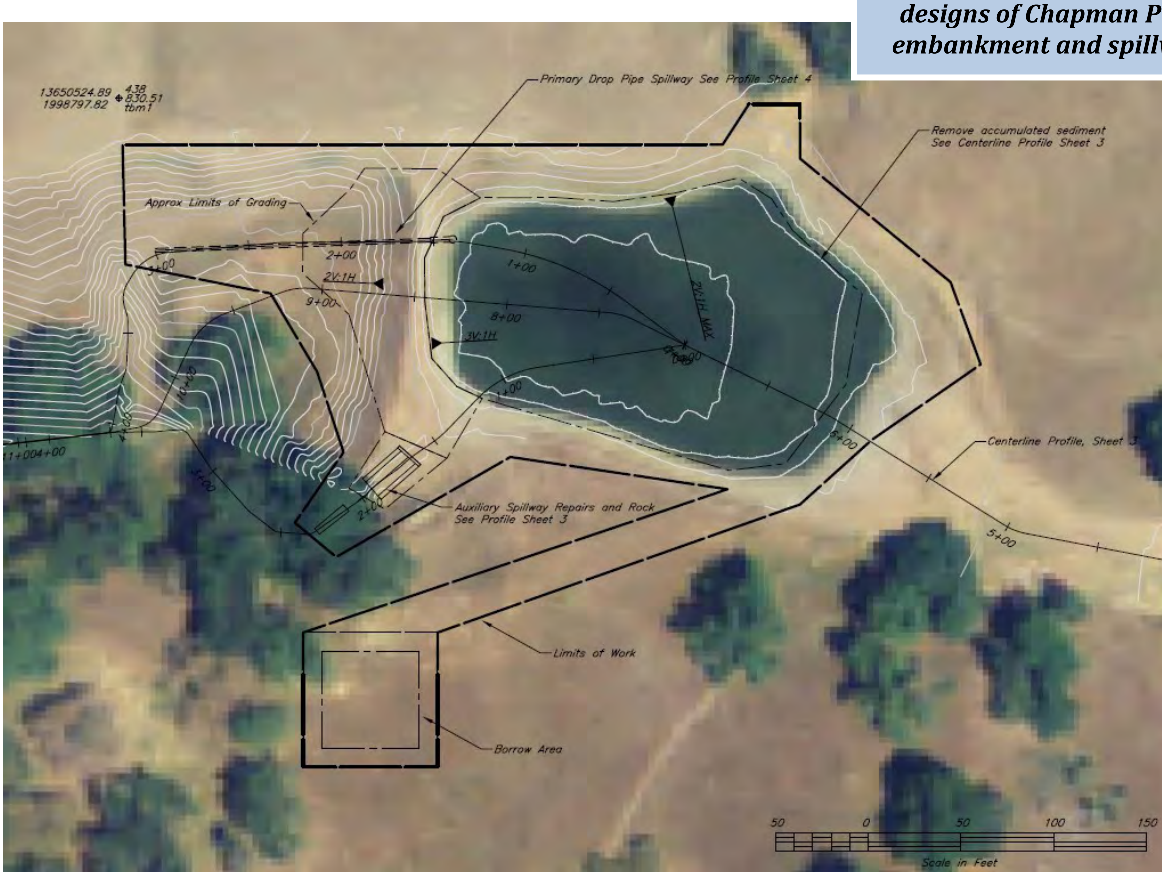
1. **Ridgefield Pond** – Install cattle exclusion fencing around the pond inlet.
2. **Chapman Pond** – Remove accumulated sediment and repair/reconstruct the embankment and spillway; and install cattle exclusion fencing around the pond inlet.

Both ponds are actively used for cattle and are known to provide habitat for California red-legged frogs (federally threatened; state species of special concern) and western pond turtles (state species of special concern). The proposed projects will improve the use of these ponds for both cattle and the special-status species.

Chapman Pond, showing the four components of the project: 1) exclusion fencing, 2) desedimentation, 3) embankment repair, and 4) spillway relocation and reconstruction.

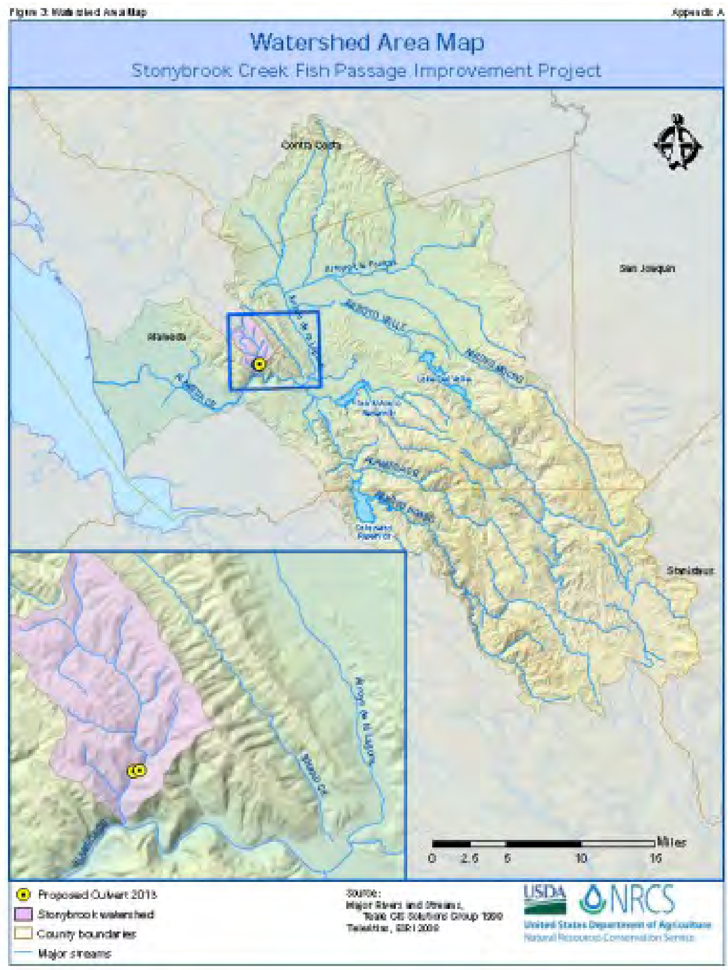
If funds remain, a third project will be implemented which includes artificial basking sites for western pond turtles at Turtle Pond.

Preliminary engineering designs of Chapman Pond embankment and spillway.



Stonybrook Creek Fish Passage Improvement Project

Stonybrook Creek is a tributary to Alameda Creek, which drains into San Francisco Bay. The confluence of the two creeks is located in Niles Canyon, approximately 13 river miles upstream from San Francisco Bay. The Stonybrook Creek watershed lies within Alameda County, about seven miles east of Hayward. Although within the Zone 7 Service Area, Zone 7 does not own any portion of the channel.



As Stonybrook Creek is the first major tributary to Alameda Creek upstream from the improved flood control channel, it may provide viable upstream habitat for steelhead on their return to the watershed. Historically, this creek supported anadromous fish species and in recent times a pair of Alameda Creek steelhead that were captured in the flood control channel, radio-tagged, and released in Niles Canyon. These fish spawned in Stonybrook Creek, with the offspring rearing in a nearby pool. In addition, resident rainbow trout are present and documented within the creek.

The primary purpose of this project is to minimize current fish barriers located along stream crossings. The barriers are located within the lower half of Stonybrook Creek with a steep, boulder/cobble-type substrate. Stream crossings along County-maintained Palomares Road (located at culvert mile-post (MP) 8.60 and 8.75) are under-sized, have intercepted coarse sediment which would naturally have passed through the canyon and exited to Alameda Creek, creating a complete barrier for all lifestages of fish.

The project is being implemented jointly by the Alameda County Resource Conservation District and the Natural Resources Conservation Service. It is largely funded by a federal appropriation sponsored by Congressman Stark, as well as grant funding through the Environmental Protection Agency, and other miscellaneous funds from the Regional Water Quality Control Board. Still, a funding gap exists that Alameda County Public Works Agency (ACPWA) and Zone 7 Water Agency are collectively working to fill. Zone 7 is currently negotiating an MOU with the Resource Conservation District.

CAPITAL IMPROVEMENT PROGRAM

While Zone 7 owns and maintains approximately 37 miles of improved channels throughout the Livermore-Amador Valley, there are approximately 80 miles of unimproved channels that flow through the Alameda Creek Watershed. The function of the Capital Improvement Program is to address the Flood Protection needs of Zone 7 and continue to improve the overall Flood Protection infrastructure for the betterment of the public. This involves the administration, planning and implementation of the Stream Management Master Plan (SMMP) Program, its projects, as well as the administration and collection of Development Impact Fees for the SMMP. Staff provides hydrologic and hydraulic modeling support to assist in the re-assessment of SMMP projects, as well as to evaluate future development impacts. To assist in planning efforts, the 5-year Capital Improvement Program is adopted every two years. One project strives to improve Zone 7's data collection from stream gage monitoring systems, where it can be used for modeling purposes and an early-warning flood system can be implemented. When the opportunity arises, Zone 7 will often try to collaborate with other public entities and developers, to help implement core ideas of the SMMP, such as maintaining a natural floodplain or restoring channel reaches with biotechnical solutions. In addition, Staff provides review of development referrals, allowing staff to identify potential impacts to Zone 7 Flood Protection facilities.

Stream Management Master Plan (SMMP)

In August 2006, the Zone 7 Board adopted a new flood control master plan, the Stream Management Master Plan (SMMP). The SMMP includes 45 individual multi-benefit projects throughout the Livermore-Amador Valley while focusing mainly on regional storage of flood and storm waters within the Chain of Lakes. The SMMP also focuses on achieving project goals while providing multi-benefits, being environmentally friendly, and forming partnerships with related agencies.

Staff continues to plan and implement key ideas of the SMMP. Staff continues work (hydrologic and hydraulic modeling) that will help identify potential problem areas, as well as updating the SMMP projects. With new development starting to pick up once again, more opportunities are becoming available to allow Zone 7 to collaborate with developers prior to project implementation and to incorporate key SMMP ideas into these projects. For 2014, Staff initiated discussions to implement a couple of SMMP projects, described below.

Development Impact Fees (DIF) continue to be collected to mitigate for the creation of new impervious surfaces created by new developments. While the SMMP is in the process of being updated, the DIF remains unchanged until the update is complete. Additional funding sources may be necessary to implement the SMMP in whole. Long-term financial planning for SMMP projects is ongoing and will be addressed as part of the SMMP Update.

Arroyo las Positas Channel Widening Improvements (SMMP Project R.1-7)

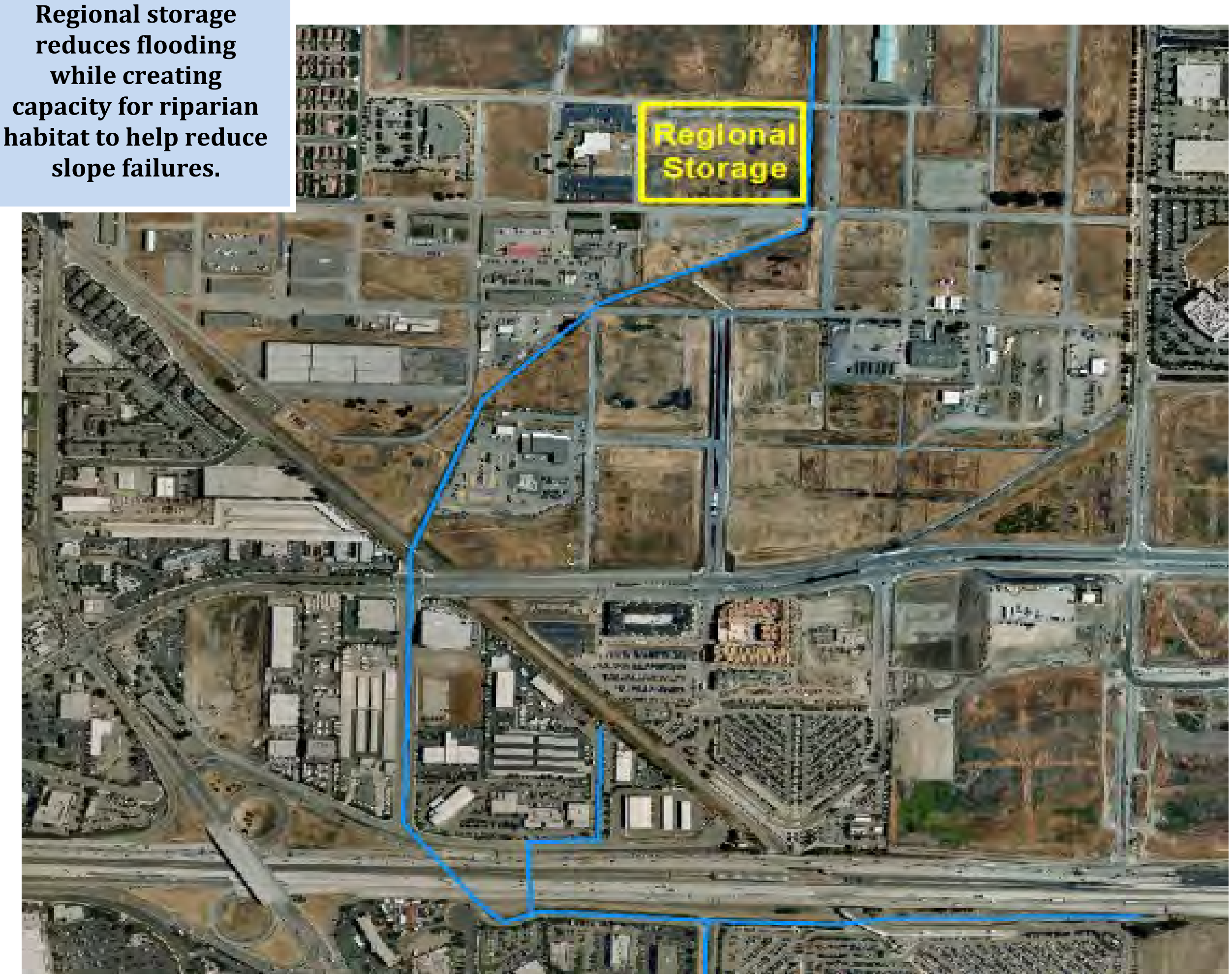
The reach of the Arroyo las Positas between Central Avenue and Vasco Road was acquired by Zone 7 from Alameda County in 2011; upon transfer, the reach was in a partially-improved state. The channel seemed to be undersized to carry 100-year storm flows and did not have full maintenance roads along the top of bank. In 2012, Zone 7 worked with an adjacent landowner to the south to pilot an experimental stormwater/channel overflow detention area. Construction work for the development, including the detention area, began in 2012 and was completed in 2014.

Zone 7 also initiated preliminary channel expansion design work as well as contacted a second adjacent neighbor to the west to explore the possibility of acquiring a narrow strip of the owner's property to accommodate the proposed channel width in order to bring this reach of the Arroyo las Positas into compliance with Zone 7's typical design standards. Staff initiated hydraulic modeling work and biological resources studies to support project permitting and construction in 2013. In 2014, the City of Livermore asked to partner with Zone 7 to improve the culvert at Central Avenue as part of the widening project. During 2014, Zone 7 was working on updating hydrology and hydraulics in Livermore, and it became apparent that the initial flooding concerns may have been conservatively estimated. In December 2014, the decision was made to defer the project, as recent hydraulic analyses by Zone 7, as well as the City of Livermore's engineering consultant, seemed to indicate minor flooding overtopping the channel banks in some parts of the project area, but not enough to constitute a threat to public safety or property.

Chabot Canal Regional Stormwater Detention (SMMP Project R.8-2)

In 2014, Zone 7 staff continued to work with the City of Dublin, the U.S. Army, and the Developer, Argent Management (Suncal), to incorporate regional flood protection elements of the SMMP into the Dublin Crossings development. The purpose of these elements is to provide regional flood detention storage in the Camp Parks area to reduce the risk of flooding and potential sediment loading, while promoting a more natural creek through the proposed development that mimics historical conditions. The project will also create additional capacity in areas experiencing bank slides, allowing Zone 7 to plant riparian vegetation that will help stabilize the banks in an environmentally-sensitive manner. The initial plans for detention storage were submitted to Regional Water Quality Control Board (RWQCB) for review by Staff initially in 2014. Revisions are anticipated in 2015 to address RWQCB comments.

Regional storage reduces flooding while creating capacity for riparian habitat to help reduce slope failures.



Hydrologic and Hydraulic Models

In April of 2014, Zone 7 entered into an agreement with Schaaf & Wheeler Consulting Civil Engineers (S&W) for Hydrologic/Hydraulic Modeling and Mapping Support. Staff completed a preliminary report and system-wide hydrologic and hydraulic models in July 2013 based on a 1998 flooding event. The scope under the 2014 S&W contract was to further refine the preliminary study.

The 2014 study moved beyond the 2013 model and utilized radar data, unsteady flow, and two-dimensional analyses. New approaches for the Hydrologic portion fine-tuned the study to Zone 7's watershed and confirmed the application of methodology. Results were compared to actual rainfall data. The hydraulic information was enhanced to provide unsteady flow analysis not used in the 2013 effort. The addition of unsteady flow and two-dimensional flows allowed staff to see the changing flows as the water moves through the system as opposed to evaluations of the highest flow against highest incoming flows. This effort provided more realistic results.

The study results are being used to review the 2006 Stream Management Master Plan recommendations for improving flood protection in the valley. The study is in draft form as it is being reviewed and enhanced to further define the actual watershed conditions.

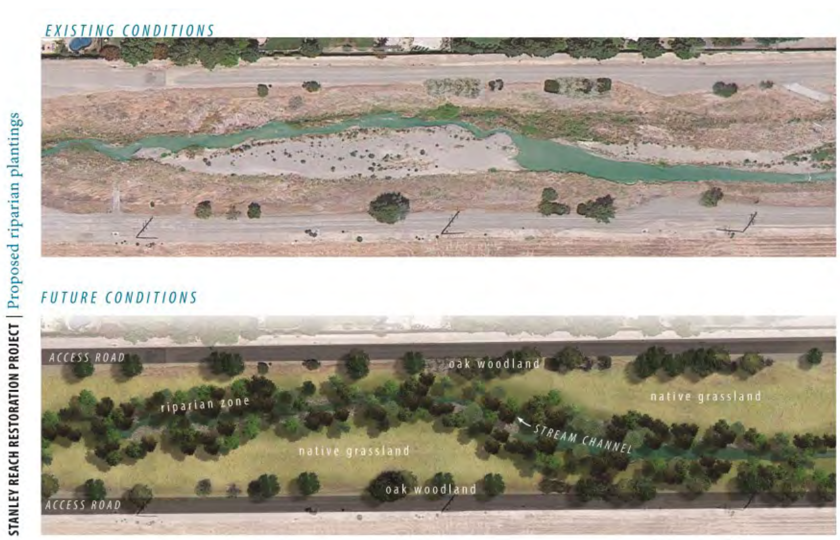
Development Referral Review Program

The Development Referral Program is an interagency program designed to keep public agencies abreast of public projects and private developments that may have an impact on an agency's facilities or operations. Staff reviews and evaluates other public agencies' and private parties' development plans and inquiries, environmental documents (CEQA), master plans, improvement plans, and engineering studies for potential impacts on Zone 7 flood control facilities and/or proposed projects identified in the SMMP. In 2014, Zone 7 staff conducted 12 reviews. Typical reviews included evaluating the Dublin Crossing development impact on Chabot Canal in Dublin; extension of a maintenance access road easement within the Oaks Business Park in Livermore; review of new car dealer and retail developments within the Staples Ranch area of Pleasanton.

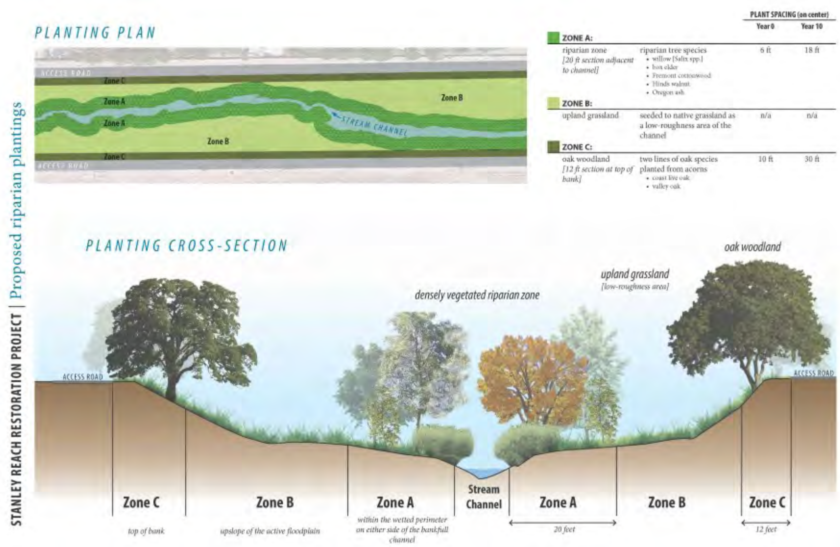
Arroyo Mocho Stanley Reach Riparian Restoration and Channel Enhancement Pilot Project

Work on this project continued in 2014 with the installation of 12 acres of riparian plantings via the Living Arroyos Program (see page 10).

Beginning in 2014, staff prepared an As-Built Report required for submittal to the Resources (permitting) Agencies in spring 2015. Staff also began to develop a framework for the Annual Monitoring Report, which will be due annually for 10 years beginning in December 2015.



Also of note, the resources agencies have been supportive of allowing other agencies to meet their own project mitigation requirements by reimbursing Zone 7 for certain costs related to construction of this restoration project. In 2013, the Alameda County Surplus Property Authority was successful in meeting their permit requirements this way. In 2014, with actual project costs now in hand, staff revised the reimbursement unit cost (cost per acre and cost per channel linear foot), and held discussions with four more entities (both public agencies and private entities) in need of mitigation credits. At the time of this report, one of these private entities has been successful in meeting their permit requirements by reimbursing Zone 7 for Stanley Reach project costs. In total there are 13.5 acres available as mitigation credits; to date, Zone 7 has been reimbursed for about 4 acres.



New Stream Flow Gaging Stations

In 2014, Zone 7 identified the need to expand its network of streamflow gages in the Livermore Valley. The recent hydrologic and hydraulic modeling efforts require an extensive record of streamflow data to be utilized to help calibrate and verify modeling efforts. With a network of nine streamflow gages spread out across the Livermore Valley, Staff identified multiple locations that lacked any historical streamflow data. Zone 7 was able to add two stream gages to their network in 2014 to better estimate streamflow coming from Dublin and to develop an Early Flood Warning System. A Joint Funding Agreement for Water Resources Investigations was executed with the U.S. Geological Survey (USGS) for one of the gages and the other was developed and constructed by Zone 7 staff.

Alamo Canal gaging station

Chabot Canal gaging station

The Alamo gage re-established a previous streamflow gaging station along Alamo Canal. The location was chosen because USGS previously operated and monitored a streamflow gage in that general location and the limited historic data could be related to future readings (longer data sets are more valuable for estimating trends.) The location is complex and has many challenges in relation to hydraulic properties. The site is above the Arroyo Mocho - Arroyo de la Laguna confluence which has back water effects and is near a tributary of the G-1-1 channel. The area has no bridge crossing making physical measurements during high flows impossible or dangerous. USGS has had experience with putting in cables and cable cars to facilitate taking safe measurements.

The second streamflow gage station is located on Chabot Canal in Pleasanton. The gage is located below Stoneridge Drive on the east side of the canal. Its location was chosen to provide information not only on flow coming down Chabot Canal but also to avoid any backwater conditions from Arroyo Mocho. Arroyo Mocho is the channel that receives the water from the canal. The new stream gage will assist with real time information during major storm events and low flow and temperature readings for environmental studies.

Early Flood Warning System Development

In 2014, Zone 7 started developing an Early Flood Warning System to help assist staff in the early identification of any potential flooding events. The Early Flood Warning System requires a large network of streamflow gages being able to provide real-time streamflow data in the Livermore Valley. In 2014, staff added two streamflow gages to help provide real time data during storm events, as well as expand Zone 7's streamflow data collection. There are several stream gages providing information for the general drainage area but there was limited information from the Dublin area. Adding stream gages is merely the first step in developing the warning system. The detailed hydrology and hydraulic study of the upper Alameda Creek watershed which passes through Zone 7 boundaries is still being developed. Once the results of the study identify areas of concern, staff will be able to better place monitoring and recording instruments to help provide early warnings when rising water may be impacting the communities surrounding the channels.

More work will be done in 2015 and beyond to better define areas of concern and protocols to identify issues when they start to escalate and require attention. The rainfall and stream flow data will be reviewed and analyzed to help implement a reasonable Early Warning System.

MAINTENANCE PROGRAM

Zone 7 owns and maintains approximately 37 miles of improved channels throughout the Livermore-Amador Valley. Maintenance is one of the Flood Protection Program's highest priorities and involves routine, major, and emergency maintenance and repair of Zone 7's flood protection facilities. Such activities are directed toward preventing minor problems from becoming major flooding problems, minimizing damage to private property through proactive planning, preserving and maximizing flood carrying capacity of existing creeks and channels, and post-storm rehabilitation of flood protection facilities damaged in storms.

To implement the various maintenance projects, Zone 7 staff is responsible for all aspects of the project, including program management, planning, scheduling, CEQA compliance, permit acquisition, surveying, design, cost estimates, construction management and inspection. Following is a description of some maintenance activities that were conducted in 2014.

Line B-2-1 Concrete Structure Stabilization Project in Pleasanton

The bottom portion of the concrete confluence structure was separated from the top.

Before

After

Concrete grout was used to fill in the gap and stabilize the structure.

Line K Bank and Maintenance Roadway Repair (Tassajara Creek) at Adams Pool Solutions

Adams Pool Solutions diverted some of their storm water from their corporation yard onto the Zone 7 owned Tassajara Creek area causing extensive damages to the channel bank and maintenance roadway. Adams Pool Solutions did not have the resources to repair the damages prior to the beginning of the rainy season in Fall 2014. Zone 7 stepped up to complete the needed repair just in time before the State Department of Fish and Wildlife closed its window for allowing work in the creek. Zone 7 worked with Adams Pool Solutions and recovered Zone 7's project related expenses.

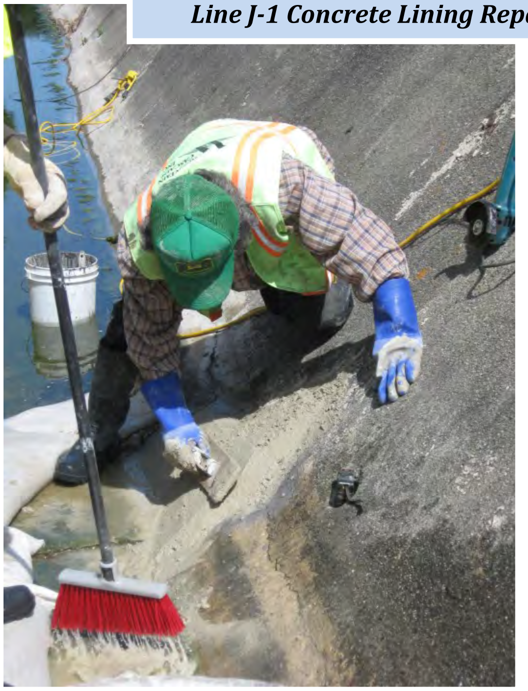
Annual Maintenance/Repairs

In 2014, Zone 7 staff identified, planned, designed and managed the $850,000 Annual Maintenance and Emergency Contract with Fanfa, Inc. The work included:

- Completed seven bank repairs totaling 850 linear feet,
- 15 soil bioengineering brush walls,
- 4,900 linear feet of access roadway,
- Six outfall structure rehabilitations,
- 370 linear feet of concrete lining repairs, and
- Two trash collector installations

The following highlights a few of the key projects implemented under this year's contract:

Line J-1 Concrete Lining Repair



South San Ramon Creek Maintenance Roadway Renovation

Arroyo Mocho Bank Repair

South San Ramon Creek trash collector installation to comply with Regional Water Quality Control Board's requirements

Vegetation Management Program

In 2014, Zone 7 staff administered a Vegetation Management Program, which cleared obstructive vegetation such as weeds and tall grasses that could impair the flow of water in channels and vehicle access along channel access roads. The program also aimed at reducing the fire fuel loads per the requirements of the local Fire Marshals. In addition, herbicides were applied to inhibit the growth of obstructive vegetation and control weed growth.

With the exception of clearing vegetation for annual maintenance/repair projects by staff, in 2014 the majority of vegetation clearing was handled through various maintenance contractors under annual service contracts. Zone 7 utilized the following contract labor providers to assist with such maintenance activities under Zone 7's direction: Livermore Area Recreation and Park District, Urban Creeks Council, California Conservation Corps, East Bay Conservation Corps, Pacheco Brothers Gardening, Inc., and Bruce Balata Mowing.

Contract with LARPD - $250,000

In 2014, Zone 7 contracted with the Livermore Area Recreation and Park District (LARPD) to provide contract labor for vegetation management activities within Zone 7's facilities. Such activities included spraying of maintenance roadways and control of broad leaf plants and aquatic vegetation within the facilities.

Soil Bio-Engineering for Bank and Channel Stability with UCC - $50,000

In 2014, Zone 7 used the services and expertise of Urban Creeks Council (UCC) for soil bio-engineering to temporarily repair and stabilize channel embankments within Zone 7's facilities. In all, UCC completed 15 projects throughout the Pleasanton-Dublin-Livermore area. Soil bio-engineering is the use of plant material like willows to stabilize the soil. As this plant material grows, the roots form a network around the eroded section of the toe and stabilize the soil thereby preventing further erosion. This soil-bioengineering is preferred over "hard engineering" since it is habitat friendly and has the potential for growth into permanent living structures. Some of the advantages of this method are: less expensive than rock rip rap, create habitat, encourage sediment accumulation, redirect scouring flood flows, protect localized erosion area, stabilize bank soil, effective for simple/small sites and good for increasing vegetative cover along stream.

Contract with Bruce Balala Mowing - $95,000

In 2014, Zone 7 staff administered and managed an annual contract with Bruce Balala Mowing to provide District-wide mowing services for all 37 miles of Zone 7 channels. The mowing consisted of cutting tall weeds and grasses along channel embankments to meet the local Fire Marshal's requirements for establishing a fire break.

Bruce Balala mows the grass per Fire Department's request on Alamo Canal in Pleasanton.

Contracts with California Conservation Corps (CCC) and East Bay Conservation Corps (EBCC) - $50,000 each

In 2014, annual contracts with the CCC and EBCC involved labor crew usage for projects requiring manual labor such as the facility winterization program, trash/debris cleanup and trimming of trees and vegetation.

Contract with Pacheco Brothers Gardening, Inc., Landscape Contractor - $30,000

Zone 7 uses this annual contract for more specific vegetation maintenance, such as tree trimming to ensure adequate vehicle clearance, removal of broken tree limbs and replanting of trees where applicable.

Inspection Program

Throughout the year, Zone 7 staff performed inspections to ensure that Zone 7's flood protection channels were ready for the next big storm event. The inspection program is comprised of multiple elements including routine facilities inspection, project-specific inspection, storm watch inspection, and on-call emergency response.

Routine Facilities Inspection

Zone 7 staff performed routine inspections by thoroughly inspecting Zone 7 facilities and past repair projects at a minimum of once per month and documenting any problems. Problematic areas were tracked on a spreadsheet with relevant information, such as description, priority, location, and dates. These spreadsheets are used to prioritize future repairs and improvements.

Project-Specific Inspection

Zone 7 staff performed inspections for both Maintenance and Capital Program-related projects. Staff is generally responsible for inspecting any project that requires an encroachment permit from Zone 7 as well. Staff inspectors act as the eyes and ears for the project engineer and report their findings on a daily basis. Only after communicating with the project engineer does the inspector inform a contractor of the directive.

Storm Watch Inspection

During major storm events, Zone 7 staff immediately shift into a pre-emergency response mode, working to minimize the loss of life and property. Flood-fighting activities such as responding to emergency phone calls, storm monitoring, and field patrolling were top priorities during the storm season. Zone 7 staff documented all areas that are more prone to problems during storms.

On-Call Emergency Response

For emergency situations, such as flooding, major damage to facilities, or other property related issues (e.g., hazardous materials spilled into Zone 7's flood protection facilities), Zone 7 staff are on-call and ready to respond as necessary. In addition, Zone 7 issues annual contracts to support these efforts. During 2014, Fanfa, Inc., crews were available to assist Zone 7 staff by providing both labor and equipment to deal with such emergencies. In 2014, there were no flooding emergencies; however, Zone 7 staff responded to one incident where spilled fuel was cleaned up before it got through the storm drain into Zone 7-owned flood facilities.

Horizontal Drilling Bank Stabilization Program

This program involves the installation of a number of horizontal drains to minimize bank instability due to the high groundwater table or otherwise trapped water along the west bank of Alamo Canal. These horizontal drains are perforated PVC pipes that are strategically installed at locations with seepage evident in the bank. Perforations are designed to capture the surrounding water and empty it into the channel, releasing hydrostatic pressure and thereby minimizing bank failures. This program also involves a monitoring program to evaluate the effectiveness of the drains and periodic surveying of the banks. No horizontal drains were installed in 2014 but staff continues to monitor the channel embankments.

Miscellaneous Facility Maintenance Activities

Facility Fencing Repairs

Zone 7 protects its facilities from trespassers through the use of fencing along the property line. When fencing is damaged, it becomes a liability to Zone 7 if the fencing is not repaired. An annual fencing contract with a fencing contractor has been utilized to repair fences that have been cut or damaged, install new fence netting and perform access gate repair to maintain the required level of safety and security in Zone 7-owned facilities.

Hydroseeding

After channel embankment repairs, all denuded areas are hydroseeded by Zone 7 contractors. Hydroseeding of repaired embankments encourages the re-establishment of appropriate vegetative cover. In 2014, roughly two acres were hydroseeded and met this California State Department of Fish and Wildlife permit requirement.

Homeless Encampments

Homeless encampments along flood protection facilities are another issue Zone 7 had to deal with under the routine maintenance program. In 2014, staff, with the assistance of the respective cities' Police Departments, removed and cleaned up one site in Dublin, one site in Pleasanton and four sites in

Livermore. Camps had to be promptly removed before they became a safety and sanitation liability to the agency and the trash/debris left behind inhibited flow within the creeks.

Storm Drain Pipe Inspection

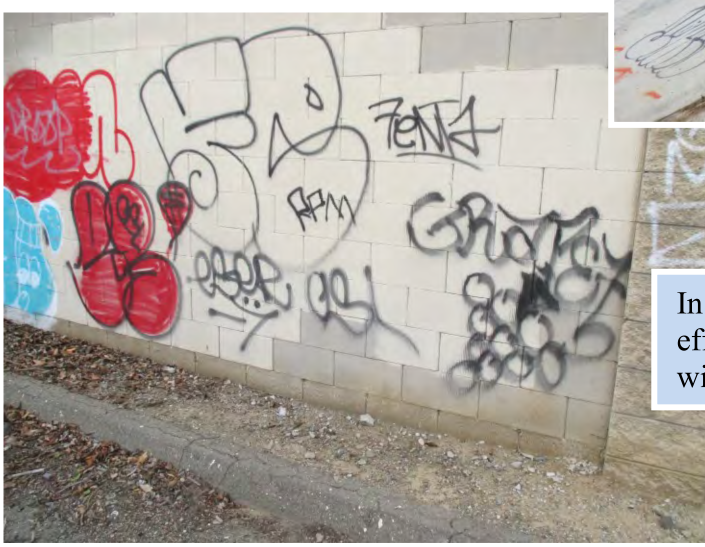
Some of Zone 7's storm drain pipes are aged, corroded and leaking, thereby causing channel embankment failure. Inspection of the storm drain pipes is needed and is routinely performed as part of facility inspections to locate and repair damaged pipes before possible embankment failure.

Proactive replacement of corroded storm drain piping has prevented embankment failure in many of Zone 7's flood control facilities. Inspections continued in 2014.

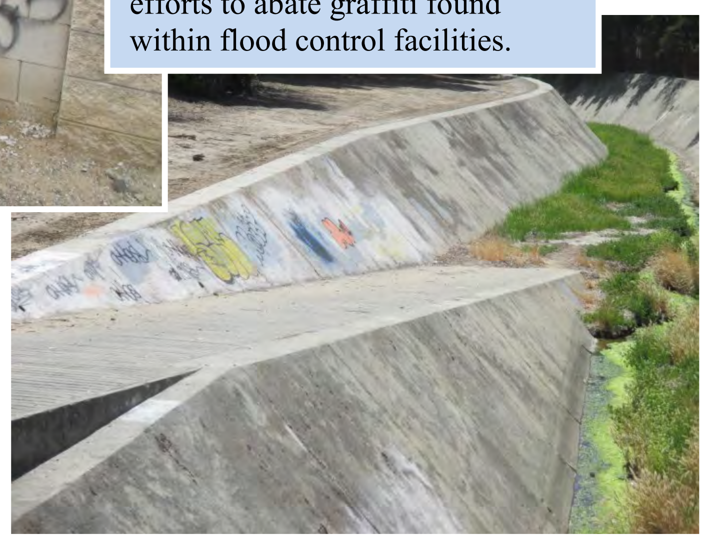
Rodent Control

When considering the maintenance of a flood protection facility, the inevitable subject of rodent control always arises. Rodents, specifically ground squirrels, cause damage to the flood control banks by burrowing through the ground, causing water intrusion and destabilization of the flood control banks. In 2014, a colony of red tailed foxes also caused damage to Zone 7's Facilities. Zone 7 has an outside rodent control contract to control and trap rodents within the 37 miles of channels own by Zone 7 to minimize damage that is caused by animal burrowing.

Graffiti Abatement



In 2014, Zone 7 staff continued efforts to abate graffiti found within flood control facilities.



APPENDIX A - PERMIT ISSUED IN 2014

70283	1/13/2014	10/15/2014	DSRSD	McGuire & Hester	G-1-1	Construct retaining wall, fencing and planting	No		JS	Permit expires 10/15/14
70284	1/21/2014	1/31/2014	Dublin Holiday Inn	same	Line T	Access to pick up cut vegetation	No	4/14/2014	JS	
70285	5/22/2014	6/12/2014	L.A.R.P.D	same	F-Dublin	Field School program	no	6/13/2014	LA	
70286	2/13/2014	3/13/2014	City of Pleasanton	Geocon	Line G	Evaluate subgrade soil condition by performing hand auger boring	No	4/14/2014	JS	
70287	3/13/2014	3/17/2014	City of Dublin	same	F?	Saint Patrick Fun Run	no			
70288	3/14/2014	3/21/2014	Arborwell, Inc.	same	Line G	Access to facilitate tree removal	No	4/14/2014	JS	
70289	3/24/2014	9/30/2014	County Clean Water Program	Applied Marine Sciences, Inc.	Lines G, B, B-5, G1, K, H, J1 and T	Perform physical, chemical and biological sampling	No	10/1/2014	LA	
70290	3/28/2014	3/28/2014	Seth Warren	same	Line G-1	Access to determine outfall location	No	4/14/2014	JS	
70291	4/11/2014	4/14/2014	City of Livermore		Lines R &H	Access for creek cleanup activities	No	5/2/2014	JS	
70292	4/15/2014	4/14/2015	City of Livermore	Sycamore Landscaping	Line H	Install, operate and maintain a seasonal dam and appurtenances	No		JS	Permit expires 4/15/15
70293	4/25/2014	4/28/2014	City of Dublin		Lines J, F, J-6 and K	Dublin Pride Week creek cleanup event	No	5/2/2014	JS	
70294	4/11/2014	4/14/2014	Pleasanton Partnership in Education - A Change of Pace	A Change of Pace	Line E, B and B5	Annual PPIE Run to benefit the schools foundation of Pleasanton	no	4/14/2014	LA	
70295	5/8/2014	5/9/2014	Club Sports	Club Sport	Line F by 580/680 intercgange	Setup for Bike to Work day energizer station	No	5/9/2014	LA	
70296	5/30/2014	6/2/2014	City of Livermore	Engeo Inc	Line H	Access to boring location on UPRR property	No		LA	revised by JS per City's request
70297	6/13/2014	6/16/2014	Rotary Club of Pleasanton	same	B, B5, E, G	Access for Pleasanton Rotary Fathers Day Run	no	6/16/2014	LA	
70298	5/20/2014	5/21/2014	Susan Jones of 7793 Driftwood Rd(925-846-3010)		F1	Access to remove down tree branch	no	5/21/2014	LA	

70299	6/9/2014	6/20/2014	Bay Pro Landscape Services	same	Line G	5758, 5794 and 5850 Wst Las Positas Blvd	No	6/20/2014	JS
70300	6/18/2014	6/30/2014	OneSource Landscape	same	Line G-1	4464 Willow Rd	No	6/30/2014	JS
70301	6/21/2014	6/30/2014	ValleyCrest Landscape	same	Line G-1	5880 Owens Drive	No	6/24/2014	JS
70302	6/26/2014	7/3/2014	Cleary Bros. Tree Care	same	Line G	5860 W. Las Positas Blvd	No	7/3/2014	JS
70303	6/26/2014		Stacy Milligan Equity Enterprice	The Landscape Company	G1	Tree trimming along the fence seperating Zone 7 property and 4430 Willow in Pleasanton	No	6/27/2014	LA
70304	7/3/2014	8/31/2014	Rebecca Quinones of the Center for Watershed Sciences, UC Davis	same	B, K, F, H & G	Riparian habitat assessment & electrofishing	No	7/21/2014	TC
70305	7/21/2014	8/31/2014	Sonja Pinck of UCC	same	K,B,F	Insect assessment and collection	No		TC
70306	8/14/2014	8/22/2014	Safe America - Credit Union	Marina Ladscape	G1	Access to trim back vegetation	No	8/22/2014	LA
70307	8/28/2014		City of Dublin		Lines J, F, J-6 and K	Dublin Pride Week creek cleanup event	No	9/15/2014	LA
70308	9/20/2014	9/20/2014	City of Livermore - Water Resources Division		Line H/Line R	Annual Adopt-a-Creek-Spot Program cleanup of litter and debris	No	9/21/2014	JT
70309	9/24/2014		Jacobs Associates	Pitcher Drilling Co.	Line G	Boring for Pleasanton Recycled Water Project	No		JT
70310	9/24/2014	10/15/2014	DSRSD	McGuire & Hester	Line G-1-1	slide repair	No		DY
70311	11/17/2014	11/20/2014	Dublin Unified School District	Fishel Co., The	Line J	Underground boring for fiber optic conduit	No		JT
70312	12/8/2014		City of Pleasanton		Line G	Jack and bore for PVC pipe under Mocho	No		JT
70313	12/12/2014		Equilon Enterprices dba Shell	Conestoga Rovers & Associates	Line G	Well destruction	No		JT

DATE	LINE	NEIGHBOR/AGENCY	ADDRESS	Phone	CITY	Information Furnished	Call Received by	DATE OF INVESTIGATION AND INVESTIGATOR	WORK NEEDED
01/06/14	E	Milena Baldis	4572 Winter Ct	461-1041	P	Fallen eu tree branch landed in her backyard requesting tree to be trimmed and branches lifted	JS		met with Mr. & Mrs. Baldis today and discuss the trimming work needed. Will arrange our contractor for the work
01/06/14	F	Cathy	condos located at the corner of Stagecoach and Amador Valley Blvd	896-2660	D	trees branches growing from inside Zone 7's fence into the condo area along the creek across from 6971 Dublin Meadows Street	JS		trim branches
01/10/14	J-1 & T	Sergeant Dave Snider of Dublin PD		833-6631	D	2 homeless encampments found in Lines J-1 (McDonald's) and T (Holiday Inn) respectively that need cleanup	JS		County crew cleaned up both creeks. Total of 820 pounds of debris were removed from creeks.
01/13/14		City of Dublin			D	Down tree behind Condo	LA		Remove tree
01/17/14	H	Darrell Revier of City of Livermore		960-4437	L	3 homeless encampments found in Line H behind Autumn Springs Apts that need cleanup	JS		County crew cleaned up the creek. Total of 900 pounds of debris were removed from creek.
01/28/14	G	Josephine Holder	5764 Belleza Dr	463-8489	P	wrought iron fence is broken along W Las Positas Blvd allowing kids to come into the channel	JS		Will notify Hacienda Business Park that repair needs to be done to broken wrought iron fence
01/28/14	P	Kathy Hughes	Irene Way adjacent to School	9608022	L	Graffiti on concrete slope	LA		Graffiti abatement
01/31/14	J-1	Buffy Davis	7663 Ironwood Dr	829-5589	D	Currently in FEMA floodplain requiring having to purchase flood insurance, inquire about how to verify the accuracy of the information	JS		Contacted City of Dublin and found out Jayson Imai may be the contact at the City whom can help. Left a voice message to Ms. Davis as a follow up.
02/10/14	F-1	Dawn Hotaling	7519 Driftwood Way	484-2788	P	3 voluntary trees are growing along the Zone 7 fence; request removal of them	JS		Investigated and consequently trees were removed on 2/14/14
02/13/14	G	James Cable		925-315-6891	L	Inquire about having a larger opening at the sluice gate near Murrieta Meadows to allow more flow through the natural creek	JS		Pass the inquiry to Sal Segura of FE to respond

DATE	LINE	NEIGHBOR/AGENCY	ADDRESS	Phone	CITY	Information Furnished	Call Received by	DATE OF INVESTIGATION AND INVESTIGATOR	WORK NEEDED
03/03/14	E	Dennis	Apartment Complex by Division Street	925-989-0313	P	Illegal dumping in the creek behind apartment complex	LA		Investigate dumping
03/03/14	F4	Beverly	Dover Court	925-829-3528	D	Resident complain about student from the beauty school thrashing the Arroyo with debris	LA		Directed resident to call City clean Water staff
03/12/14	G	Darrell Revier of City of Livermore		960-4437	L	Graffiti found on storage container exterior walls used by UCC at Murrieta and Mocho	JS		Requested UCC to abate graffiti which was completed on 3/14/2014
03/13/14	F	Gerald DeWitt of Z7 Maint. Dept		447-6772	D	Citizen stopped him to inform him of trash dumped in Alamo Creek near AVB	JS		Investigated dumping on 3/14 and none was found
03/26/14		Rose Cestra	3436 Virgil Ct	548-8527	P	Overgrown redwood tree branches overhang her backyard abuts to Z7's Parkside Office	JS		Spoke with Gerald DeWitt of Z7 Maint. to respond to her complaint
03/28/14		Stefanie Volpi of City of Dublin		833-6630	D	Shopping carts and other debris found along the Iron Horse Trail north of Dublin Blvd	JS		Turned out the property is owned by the County of Alameda. Refer City to County Road Maintenance Department to follow up
03/31/14	P	Bruce Aizawa of LARPD			L	a rebar sticking out from concrete lining in channel poses danger to kids	JS		investigate and follow up
04/03/14	J-1	Dean Baxley of City of Dublin		833-6630	D	shopping carts and orange cone were dumped in Line J-1 behind Chuck E Cheese	JS		County crew removed and disposal of debris on 4/4/2014
04/04/14	F	Holly Hamilton	6967 Stagecoach Rd. #F	209-1341	D	Garbage dumped next to trail adjacent to Dublin Housing Authority complex	JS		Contacted Martha Aja of City of Dublin to see if this site could be added to the upcoming creek cleanup effort
04/07/14	G-1	Rolland Chiu of Hacienda Security			P	Graffiti found on concrete warp wingwall and culvert wall of Chabot Canal at Owens Drive	JS		Abate graffiti
04/09/14	F	Lucine Bitle	7675 Shady Creek Rd	559-230-7746	D	Overgrown tree branches overhang her backyard	JS		trim branches

DATE	LINE	NEIGHBOR/AGENCY	ADDRESS	Phone	CITY	Information Furnished	Call Received by	DATE OF INVESTIGATION AND INVESTIGATOR	WORK NEEDED
04/09/14	P	Diana Ingleman	5111 Charlotte Way	925-960-1909	L	Concern about flooding due to tree branches and debris blocking culvert entrance off Luccille	LA		remove debris
04/11/14	E	Cheryl Williams	1021 Division St	925-699-6827	P	Overgrown tree branches overhang the development she resides in (1021 - 1085 Division St)	JS		trim branches
04/15/14	F	Stefanie Volpi of City of Dublin		833-6630	D	mattress and box spring set dumped at Arroyo Vista Apartments	JS		removed on 4/18/14
04/16/14	F&B	Scott Walker of City of Pleasanton			P	Joint cleanup effort to remove debris along the Alamo Canal/Arroyo de la Laguna from the Hilton Hotel to the Arroyo del Valle confluence	JS	04/16/14	A total of 82 tires, 2 carts and a lot of miscellaneous construction debris were removed (estimated wt. of 3,000 lbs.)
04/18/14	G	Darrell Revier of City of Livermore		960-4437	L	Evict and cleanup homeless encampment in Arroyo Mocho west of Murrieta Blvd	LA		Livermore PD and County crew assisted with the cleanup effort
04/18/14	H	Darrell Revier of City of Livermore		960-4437	L	Evict and cleanup homeless encampment in Arroyo las Positas near the In-N-Out Burger Restaurant	LA		Livermore PD and County crew assisted with the cleanup effort
04/21/14	H	Trail User	n/a	n/a	L	Called attention to a mattress dumped in the creek off Springtown Blvd	LA		removed on 4/22/14
04/22/14	F	Stefanie Volpi of City of Dublin		833-6630	D	box spring dumped at Arroyo Vista Apartments	JS		removed on 4/22/14
4/28/2014	G	Steve and Regina	3282 Melanie Circle			Tree within Zone 7 property fell into their property	LA		removed tree on 4/28/14
04/30/14	G	Trail User	n/a		P	Homeless residing under Hopyard overpass	LA		Advise homeless to look for another suitable location
05/01/14	K	Trail User	n/a		P	Broken tree limb which had fallen on east maintenance road north of Owens Dr	JS		remove limb
05/05/14	G-1-1	Scott Peterson of City of Pleasanton		931-5522	P	Tall weeds at the Stoneridge Dr/Johnson Dr parcel needs mowing	JS		Bruce Balala mowed the parcel on 5/8/2014

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05/14/14	K	Andrea of Alameda County Fire			D	Tall weed along Tassajara Creek needs to be mowed	JS		Bruce Balala is scheduled to start mowing in Dublin after he finishes in Pleasanton
05/16/14	E	Sandy Crispman	Corte Altamira	202-8002	P	Tall weed along Arroyo de Valle needs to be mowed	JS		Bruce Balala is scheduled to mow the reach today
05/20/14	F-1	Susan Jones	7793 Driftwood Rd	846-3010	P	Tree limb from her backyard fell into Line F-1 needing access to remove	JS		Larry met with Mrs. Jones to discuss access issue via an encroachment permit
05/22/14	B-5	Don Adams		510-541-3532	P	Tall weeds along Line B-5 need mowing	JS		This reach of Line B-5 is owned & maintained by City of Pleasanton. Refer Mr. Adams to Brian Fiorio of the City
05/28/14	E	Randy Curtola	2368 Via Espada	541-991-2744	P	Inquire about installing a pedestrian gate opening between his backyard and the Del Valle trail	JS		Refer Mr. Curtola to City of Pleasanton Community Services as they administer the required permit
05/30/14	H	Celeste Storrs of City of Livermore		960-4438	L	Livermore Toyota requests several overhanging tree branches to be trimmed back over their sales lot	JS		Contacted Heath Rickhoff of Livermore Toyota to meet and to resolve issues
06/02/14	B	Will Jenrick	2334 Meadowlark Dr	989-6111	P	teenage trespassers've been damaging fence in the neighborhood	JS		Inspected the area on 6/3/14. Asked Mr. Jenrick to call Pleasanton PD should this happen again.
06/02/14	Lake I	Rob Hernandez	Stoneridge Homes HOA	209-466-7228	P	tall weeds along Lake I adjacent to Persimmon Dr needs mowing	JS		Asked Zone 7 mowing contractor to reprioritize and mow this area sooner than scheduled
06/02/14	K	Angela of Alameda County Fire		833-6607	D	tall weeds along Tassajara Creek adjacent to Creekview and Casterson needs mowing	JS		Ted and I met with Angela on 6/3/14 to discuss the issue and agreed on an action plan
06/03/14	F	Laurie Ramirez		487-7258	D	kids are digging around oak trees and requests fence be put up to protect trees	JS		Refer Ms. Ramirez to the City of Dublin as this is a recreational related issue
06/04/14	F-4	Maria Perez	7282 Dover Lane	510-209-8718	D	Overgrown tree damages her back fence need to be trimmed back	TT		visited on 6/6/14 and found the subject tree grows in her yard
06/04/14	P	Courtney Able	697 Joyce St	525-2575	L	tall weeds along Arroyo Seco needs mowing	JS		Mowing contractor is scheduled to mow that reach in the next 2 weeks

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06/04/14	B-2-1	Scott Seary		510-567-6783	P	Paint cans and other bottles are scattered at the B-2-1 structure that could use a trash can in the area	JS		Communicate with City of Pleasanton to set up a plan to address the on-going issue
06/05/14	F	Marilyn Briones		551-8548	D	Christmas tree dumped in creek	JS		removed debris on 6/6/2014
06/05/14	G	Steve Boiteux	3282 Melanie Circle	510-708-2258	P	Top tension wire on chain link fence is loose needs to be tightened	JS		investigated on 6/6/2014 and found no problem with the top tension wire
06/05/14	J-4	Linda Farmer	7401 Rolling Hills Cir	833-0556	D	Creek needs maintenance and cleanup	JS		Refer Ms. Farmer to the City of Dublin as the creek property is owned and maintained by Kaufman and Broad. Upon further review, the creek is owned by their HOA. Relay info to Joanne Loitz of the HOA
06/10/14	F	Peggy of LARPD		960-2400	D	Being locked out for the Children Creek Education Program along the Alamo Creek	JS		Unlock gate and provided a key to LARPD so their Children Creek Education Program could be underway
06/10/14	H	Liz	1700 Paseo Laguna Seco	449-3081	L	Tall weeds in creek needs mowing	JS		Mowing contractor is scheduled to mow that reach in the next 3 weeks
06/11/14	H	Sam of City of Livermore		960-4439	L	Black recliner chair dumped in Arroyo las Positas near Central Ave and Lobelia Way	JS		Removed and disposed of on 6/11/14
06/11/14	J-5	Donna Watson	8067 Via Zapada	828-6296	D	Inquiry removing of Zone 7's chain link fence and install a view fence instead	JS		Responded with it's not typical for Zone 7 to permit removing a section of our fencing for safety and security reasons
06/11/14	H	Ryan Gromer of Z7		454-5062	P	Graffiti on Arroyo las Positas fish ladder wall	JS		Abate graffiti
06/16/14	J	Chuck Lemorne of Dublin High		462-4113	D	Banner tied to chain link fence is missing	JS		Zone 7 nor its contractor had taken the banner off
06/16/14	J-4	Joan Loitz	Rolling Hills Circle HOA	417-7100x203	D	Double checking whose responsibility to maintain and upkeep the reach of J-4 off Rolling Hills Ct	JS		Confirm that the HOA is the property owner of the reach of J-4 thus is responsible for its maintenance and upkeep

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06/17/14	H	Wendy of LPFD			L	Tall weeds in creek needs mowing behind the Autumn Springs Apts and to see what else we can do	JS		Mowing contractor is scheduled to mow that reach this week. Zone 7 proactively inspects this reach for homeless encampment, trash and trespassing related issues.
06/17/14	H	Janet with LARPD		925-960-2440	L	Graffiti found off N. Front Road needs abatement	JS		Refer Janet to City of Livermore as graffiti is located on the N. Front Road culvert wall
06/23/14	R	Bruce Aizawa of LARPD		960-2447	L	Certain wood slats behind Christensen School adjacent to Line R needs replacement	JS		Informed Bruce that Zone 7 no longer replaces wood slats in chain link fences as the standard has been changed to open chain link fencing
06/23/14	H	Stephen Boothe of LARPD		925-382-3334	L	Graffiti found on concrete drop structure located just upstream of Arrowhead Ave.	JS		Graffiti abated on 6/24/2014
06/23/14	E	Michael Williams	1021-1085 Division Street	925-736-3790	P	Dry brush needs cleaning	JS	6/24/2014	Investigate
06/24/14	P	Lory Wirkkala	552 Andrea Cir	925-899-4573	L	Pine tree from Zone 7 Line P property drops a tremendous amount of needle into her backyard that needs to be trimmed back	JS	6/25/2014	Investigate
06/24/14	J-1	Monica Lendway	8295 Cavalier Lane	925-551-3761	D	Overgrown weeds and Ivy needs to be removed	JS	6/25/2014	Could not find any "overgrown weeds and ivy". Will communicate with Ms. Lendway for additional info. Ms. Lendway called on 7/14.
06/26/14	B-2-1 confluence structure	Leo Lopez and Scott Walker of City of Pleasanton			P	Joint cleanup effort to remove cans, bottles and other paper and plastic litter left behind at the B-2-1 confluence structure	JS	6/26/2014	A total of 8 - 32gallon bags of trash (estimated 3 CY total) were removed

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06/30/14	F	William and Cathy Oliver	7755 Shady Creek Road	925-828-1288 and 925-336-6944	D	Concern about fire danger. Requesting to have brush and tree behind property thin out	LA	6/30/2014	Will investigate and schedule work to be done by Pacheco
07/01/14	F	Pat and Jennifer Simpson	7697 Shady Creek Road	415-515-8696 and 925-829-3634	D	Concern about fire danger. Requesting to have brush and tree behind property thin out	LA	7/2/2014	Will investigate and schedule work to be done by Pacheco
7/3/2014	K	Deputy Evans of Dublin PD	4600 block of Persimmon Dr	925-518-7415	D	Hit and run on an entrance gate post	JS	7/3/2014	Confirmed it's Zone 7's property and asked Deputy Evans to press charges on driver of suspected vehicle
7/9/2014	B-5	Gary Schellenberg	5375 Blackbird	925-461-3255	P	Tall weeds grown within the Pleasanton Canal need mowing	JR		City of Pleasanton is the owner of that reach of Pleasanton Canal. Referred caller to the City.
07/14/14	J	Ray Hartsingh	7426 Stagecoach Rd	925-339-6200	D	Need access to the back of property located at 7426 Stagecoach Rd	JS		County of Alameda is the property owner of the parcel which backs up to the 7426 Stagecoach Rd property. Referred caller to the County.
07/15/14	B-5	Gary Mello	3224 Omega Ct	925-784-2212	P	The most eastern storm drain culvert draining into Pleasanton Canal is clogged needing cleaning	JS		City of Pleasanton is the owner of that reach of Pleasanton Canal. Referred caller to the City.
07/17/14	F	Elyas Rasulzad	Park Sierra Apts	925-560-0050	D	Tall weeds between Iron Horse Trail and Park Sierra Apts needs mowing	JS		City of Dublin is the owner of that area. Referred caller to the City.
07/18/14	E	Gerry Grease	1162 Division St	925-389-7309	P	Large tree branch broke and fell on his driveway which needs to be removed	JS		City of Pleasanton is the owner of the parcel where the tree was situated. Referred caller to the City.
07/28/14	G	Jennifer McQueen		925-846-5931	P	Large tree branch broke and blocks Z7 access road behind property at 5850 W. Las Positas Blvd. which needs to be removed	JS		Notify property owner for its removal
07/30/14	E	Terry Tree Service	2226 Camino Brazos	925-449-2087	P	Need access to the back of property located at 2226 Camino Brazos	LA		Encroachment permit required for contractor to do work behind the property from Zone 7 access road

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08/09/14	H	Sue Polvi	6133 Forgot Me Not	248-767-5833	L	Trim overhanging tree branches	LA	Pacheco Bros ??	Trim branches
08/14/14	F	Marilyn Briones		551-8548	D	Empty recycle bin was dumped into the Alamo Creek needs removal	JS		Removed on 8/15/14
08/15/15	E	Glen Duty of LPFD		916-698-2551	L	To see if LPFD can conduct boat rescue training at pond located at NE corner of Vineyard and Isabel	JS		Informed Glen that pond belongs to quarry operator, not Zone 7