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, June 18, 2014**

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

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

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

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

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 May 21, 2014, Special Meeting/Board Workshop of May 29, 2014, and Special Board Meeting of June 4, 2014

5. Consent Calendar
   a. Amendment No. 1 to the Memorandum of Understanding (MOU) between Members of the Bay Area Regional Mussel Prevention Consortium
   b. California Water Action Plan
   c. Airfare Reimbursement Authorization
   d. Professional Services Contract with Kier & Wright, Inc. for Surveying Support Services
   e. Authorization for Miscellaneous Expenses for Board Meetings and Staff Events

6. Staffing Update:

   a. April Employee of the Month Recognition

7. Award of Contract for the Patterson Pass Water Treatment Plant Ferric Chloride and Caustic Improvements - Project No. 241-14

   Recommended Action: Adopt resolution.

8. Proposed Budget for Fiscal Year 2014/15

Recommended Action: Adopt resolution.

9. Retreat Agenda Discussion

Recommended Action: Discuss and provide direction.

10. Committees - Finance Committee - June 2, 2014 - notes

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

12. Items for Future Agenda – Directors

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

    a. General Manager's Report
    b. Communications Outreach Activities
    c. Legislative Update
    d. Update Related to the Bay Delta Conservation Plan
    e. Drought Update
    f. Verbal Reports

14. 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.

15. Open Session and Report Out of Closed Session

16. Verbal Reports

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: July 2, 2014 (if needed)
b) Regular Board Meeting: July 16, 2014, 7:00 p.m.
c) Liaison Committee Meeting with Zone 7/EBRPD/LARPD/Tri-Valley Conservancy: July 22, 2014, 2:30 p.m. at Zone 7

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

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

REGULAR MEETING
May 21, 2014

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

DIRECTORS:	SANDY FIGUERS JOHN GRECI ART MACHAEVICH 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 TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION MIKE WALLACE, STAFF ANALYST JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

Item 2 - Pledge of Allegiance

President Stevens led a salute to the flag.

Item 3 - Citizens Forum

Item 4 - Minutes of the Regular Meeting of April 16, 2014:

Director Ramirez Holmes made an addition to the minutes with the wording "In noting that the item name was not very transparent" before continuing with her statement on Page 5, 3rd paragraph from the bottom. Director Ramirez Holmes moved for approval of the corrected minutes and Director Greci seconded the motion. The revised minutes were approved by a 6-0-1 voice vote with Director Quigley abstaining due to his absence from the April 16th Board meeting.

Item 5 - Consent Calendar

Item 5(a) – Request for "Out-of-State" Travel to Attend the AWWA Conference and Exposition and the Partnership for Safe Water Awards in Boston, Massachusetts

Director Ramirez Holmes moved for approval and Director Palmer seconded the motion. The motion was passed by a roll call vote of 7-0.

Resolution No. 14-4366 Authorized Brian Keil to attend the 2014 ACE in Boston, Massachusetts. (Item 5a)

Item 6 - Staffing Update:

a. New Employee Introduction

Emily Moshier was introduced as the new Junior Engineer for the Facilities Engineering Section. Ms. Duerig related her background to the Board. The Board applauded and welcomed her to Zone 7.

b. March Employee of the Month Recognition

Donna Fabian, Administrative Assistant, was selected as the March Employee of the Month. Ms. Fabian provides a multitude of support to many different sections within the Agency. The Board applauded her in absentia.

c. Recent Employee Activities

Ms. Duerig directed the Board's attention to the picture board in the boardroom detailing the events of Take Our Children to Work Day on April 21. Ms. Duerig commended the staff and volunteers who helped with this successful event.

On May 14, the Service Recognition Awards were presented to employees celebrating milestones of 5, 10, 15, 20 and 25 years with the County. Recipients of the Hall of Fame Awards, nominated by co-workers, were acknowledged. A slide show with pictures of the service recognition awardees and Hall of Fame recipients was shown to the Board and audience. Ms. Duerig added that all employees are to be commended for their ongoing service.

Item 7 - Presentations by Science and Engineering Fair Awardees

Mike Wallace, Staff Analyst, introduced the Alameda County Science and Engineering Fair award recipients and Public Information Officer Boni Brewer photographed the students. Zone 7 staff John Koltz and Daren Putman acted as Special Awards judges of water-related projects during the Fair and selected four students to receive awards for their water-related projects which were then presented to the Board. After the presentations, pictures were taken of the students receiving their small cash prizes from President Stevens on behalf of Zone 7, along with pictures of the entire group with all of the Board members.

This year's recipients are:

- **William Leslie Olsen, Sunol Glen School,** who got a middle school individual water award for his study entitled, "What is Metaling with Your Water?"

- **Natalie Khalil, Amador Valley High School,** who got a high school individual water award for her study entitled, "Rotational-Inventory Solar Water Disinfection."

- **Hania Guiagoussou and Angelica Hom, Dublin High School,** who got a high school team water award for their study entitled, "Incorporating Computer Science into Water Systems to Save Water."

Ms. Duerig pointed out that congratulations go not only to the students but to the parents who supported their students and the parents were applauded by the Board, staff and the audience.

Item 8 - Contract for Weed Control Spraying Services

President Stevens pulled this item from the agenda for a future meeting.

Item 9 - Guiding Principles for the Bay Area Regional Water Supply Reliability Partnership

Ms. Duerig summarized the Guiding Principles which were an outgrowth of the Bay Area Regional Desalination Study (BARDP). That project is moving very slowly but it brought the agencies together and they started talking about modeling, how water would be moved if desalinated, and how it would be delivered. Regional reliability could be enhanced by such intertie projects and Marin Municipal Water District and Alameda County Water District may also be interested in participating. A regional reliability program was put together to enhance wheeling water around the Bay Area. As part of May Water Awareness month, participating agencies are bringing the Guiding Principles document to their Boards for approval. Ms. Duerig noted that the Water Resources Committee recommended that the Board adopt the resolution directing staff to participate in the Regional Partnership under the Guiding Principles.

President Stevens asked why the project was moving so slowly and Ms. Duerig explained that money is an issue, there are water rights issues, and there are questions about wheeling the water and how the water would move. The most convenient pipe alignment to use puts the water into two raw water facilities, the EBMUD pipeline or Los Vaqueros Reservoir, so additional treatment would be needed and the cost would be for two treatments so is cost prohibitive. The idea of having a partnership and identifying opportunities is what staff is strongly recommending.

Director Figuers inquired about the cost and Ms. Duerig replied that it would be a combined cost of about $2,000 per acre foot. There are numerous costs involved in treating the water once through the desalination plant, a second time through the treatment plants, and a cost for using other facilities to wheel it to Zone 7. In questioning the membrane used, he was told it is a reverse osmosis (RO) membrane similar to the demineralization facility at the Mocho wellfield.

Director Quigley said this item may be the subject of a panel for the Region 5 event planned for October. He thinks it is too early for the technical questions but is in favor of finding another piece for a diversified water portfolio so he strongly endorses and recommends Board approval.

Director Ramirez Holmes noted that Attachment B in the agenda item says that the reason Zone 7 joined was about the feasibility of a joint desalination facility. Under potential new investments, there are now 12 other items that are listed but a note that a Feasibility Study could be performed using a portion of the $4 million authorized for regional desalination, even though that is no longer one of the 12 priorities. She asked if staff still feels comfortable with a partnership and whether we are comfortable using the money for regional desalination on a feasibility study for items that no longer have anything to do with regional desalination.

Ms. Duerig replied that most of the projects identified will facilitate wheeling desalinated water around the bay area and, if not desalinated water, it will allow us to share water that might be coming from different watersheds, i.e., if there is more snow in the Hetch Hetchy watershed than there is in the Oroville watershed, there could be swaps or trades using interties once they are in place. The interties form the basis for future projects such as a desalination project; without interties, a desalination project does not get water to us because we are not on the bay. Staff is very comfortable with this approach and thinks it is the first step. Currently there is no commitment but the attachment showed projects the partnership might be working on when there are opportunities for additional funding, whether it is at a state or federal level. The talking points are changing as the partnership has more discussions and identifies more projects.

Director Palmer said it is crucial that we extend the number of interties we have throughout the Bay Area and this region. She recently attended an ACWA conference and could see the level of cooperation people are expressing in terms of the need to work together. A big issue is planning for emergencies, water shortages, and wheeling water around. Without the interties, we will not be able to plan for the future. She also noted that this is a real project, not just another study, and is important.

Director Greci added that working cooperatively with other agencies is vital for all agencies in case of emergencies. It is also less expensive when you work with other agencies on a feasibility study.

Director Machaevich said there is an advantage to joining such a group and he wanted to move that staff be directed to participate in the Bay Area Regional Water Supply Reliability Partnership under those Guiding Principles. Director Quigley seconded the motion. There were no public comments. The motion was passed by a roll call vote of 7-0.

Resolution No. 14-4367	Directed staff to participate in the Regional Partnership under the Guiding Principles. (Item 9)

Item 10 - 2014 Exchange Agreement with Metropolitan Water District for Delivery of Semitropic/Cawelo Banked Water

Ms. Duerig told the Board that a deal with Metropolitan Water District (Met) was worked out for them to sell us carryover water during the summer and Zone 7 would pay back with either Semitropic or Cawelo water in the Fall but details of the deal are still being worked out. After warm temperatures soared in the Los Angeles area earlier in the month, they did not see evidence of the desired conservation, and said they may not be able to sell water to Zone 7. At the same time Zone 7 was notified by Semitropic that they had been working on a completely separate alternative of being able to return to us some Semitropic banked water through an exchange process. Due to fallowed farmlands within the Delta itself, the water that is not used would be sold to Semitropic who would in turn wheel it to Zone 7 using State Water Project facilities, but that is not a sure deal yet either. Semitropic got approval from the State Water Resources Control Board that the fallowing would free up some water, a major milestone, but they still had to work out some details with DWR's Administrative Office, known as SWPAO (State Water Agency Project Analysis Office), whether they can move that water through the State Water Project, and how much water is really available. We have those two deals that staff is working on but staff are asking for authority to continue to negotiate and sign any necessary exchange agreements if a window of opportunity is open. This is very unusual but the amount of money noted in the agenda item is the highest cost that could be charged based on the worst deal. At one point Met said that for every 2,000 acre feet of their carryover water we receive, we would pay them back with 3,000 acre feet of water after September 1, and they wanted Cawelo water if possible. We lose a lot of water from Cawelo so it ends up being more expensive so the $2 million is if it were a 3:2 ratio and if all the water was from Cawelo. The actual number is probably much closer to $1 million but we wanted to make the Board aware of the worst case scenario as part of the Board's discussion.

Director Greci complimented Ms. Duerig on doing exactly what needs to be done in her role as General Manager by looking for every possible resource for water as it is more crucial this year than ever. Past staff and general managers have looked ahead and tried to obtain as much water as possible as Ms. Duerig has continued to do because we cannot be blindsided and not take advantage of this opportunity. In recent negotiations where they say they may not do it, she must be in a position to react and "strike when the iron is hot." He said she has his full support to stay with this issue, stay on top of it, and make it happen because with the drought there are not a lot of sources available; if we get this source of water, we will be very lucky.

Director Figuers asked if there had been any thought given to selling some of the water we cannot access since it is a seller's market and we have 82,000 acre feet that we can't touch. If Met is going to end up with a hot summer, they are going to be searching for water and how much of a premium would they be willing to pay?

Ms. Duerig said that we are giving them water and getting water in exchange. We don't have the ability to move Semitropic water before September 1 under the rules of the State Water Project. Kern County Water Agency is made up of member agencies including Semitropic but there is a mutual control factor so if Kern County says you cannot move water, Semitropic cannot move it. Right now there is a halt on all Semitropic water being pumped directly and that is unlikely to be lifted before September 1st. We have an expert working on another case who is a former DWR employee and when asked what is the likelihood of such deals, he saw zero opportunities based on his knowledge of SWPAO's rules and regulations.

Director Figuers asked if we couldn't do it because Kern County is preventing water flows. General Counsel David Aladjem responded that it is not only Kern County but also the rules that DWR is using from the SWPAO office to manage the entire project for the maximum benefit of all of the contractors. There is so little water coming in to the project that they are not allowing exchanges and we can't move water until September.

Ms. Duerig said we have known that this has been a possibility since staff asked the Board to declare a drought emergency at the January meeting when it looked like there wasn't going to be any carryover water either. The only thing moving through the State Project facilities right now is carryover water.

Director Ramirez Holmes asked for confirmation that if the pumps are turned on September 1st, can we access our banked water then without having to give away water to Met with the 3:2 exchange since we do not have extra water? Ms. Duerig replied that it is possible that we can access it then if the SWPAO office allows it but there are restrictions on how much capacity is in the various facilities that can be used by Semitropic and a certain maximum flow rate that we are allowed to use. It is all contractually limited and the controls are imposed.

Director Ramirez Holmes said that the original operating plan for a dry year was 10,000 acre feet from Cawelo and 9,100 from Semitropic but that was not included in the Sustainability Report that the Board received in May because it was deemed inaccessible at that time. In September when the pumps are on and working, and if that is our allocation for a dry year, then why wouldn't we get our 19,000 acre feet? Her concern is that they are only going to give us some portion in June, July and August, so how much water would that be and at what cost? Even if the amount is budgeted for purchase, budgets are about choices so when we buy that water at such a high cost and a high exchange rate of more than normal, assuming we had almost 40,000 acre feet without any of this water, the time we will need it will be in the fall. Even if we used all the 40,000 acre feet by August, our need would not be in June because presumably we have enough water now. She asked for an Operations Plan of pulling groundwater to surface water and has not received it. She would not want to see us spend $2 million and have to give away water when that water could be available in September so why would we negotiate with Met now at such a high cost?

President Stevens said we cannot access that water and additional costs are for pumping. Ms. Duerig said that we are still under negotiations and may not have to pay 3:2. Director Ramirez Holmes said that her concern is that in a drought year the Board doesn't get a supply update but a blank check for $2 million is requested. If we are willing to pay that high cost, then she is concerned about the message communicated to the public. Ms. Duerig said that the drought emergency and the use of Semitropic and Cawelo banking program numbers have been updated since the April Sustainability Report. A detailed explanation of potential costs for water was given to the Board but the bottomline is that Zone 7 is going to have to rely on storage, imported water that was stored in various places. There are about 18,300 acre feet that we are getting from carryover this year. We used a part of it and stored it in our groundwater basin using recharge. That means about 16,000 acre feet is available for surface water treatment. Since there was almost no local rainfall, there is no Del Valle carryover in Lake Del Valle itself. We know we are getting 1,500 acre feet from Semitropic and anything more is speculation. Ms. Duerig is hoping to work a deal with Met or Semitropic or both and get the best dollar deal but we haven't got any guarantees beyond that1,500 acre feet. Whether it is surface water storage in the State Water Project itself, groundwater storage, or Semitropic storage, a total of 34,500 acre feet from our previously imported water will be pulled and that gives us the 38,800 acre feet to meet projected water demands. Our projected demands were actually 50,000 acre feet based on what the retailers and the untreated water users gave us last fall. We lost 12,000 acre feet last year due to Delta infrastructure limitations. Had we had a Delta fix in place, we would have close to the projected 50,000 acre feet.

Ms. Duerig explained a graph used in her presentation to the Board and noted that we won't have any carryover water, our cheapest water, which will be used up this year, and she doesn't anticipate having any carryover at the end of 2014 so that means that 2014-15 will be an expensive year assuming there is something above a zero percent allocation to even buy.

Director Quigley said the numbers Ms. Duerig cited suggest why the Board should think about supporting the State Water Action Plan. Director Greci said any water we can get from anywhere else is water we do not have to pump out of our basin and urged Zone 7 to jump on any opportunity to get water.

Mr. Aladjem gave a point of information to the Board that the cost to buy water is about $250 per acre foot but San Luis-Delta Mendota Water Authority, also south of the Delta, is buying water at $500 per acre foot. It is an expensive purchase but this $2 million is what the market is charging right now for alternative supplies.

Director Ramirez Holmes said that if we got the water after September 1 because we paid a lot for water storage, we would only be paying $150 per acre foot and we only have to do a 10 percent exchange when we take it. Mr. Aladjem said we would not get the water until September 1 in any case. Ms. Duerig said the deals they are working with Met might be that low and that is what they are striving for but will only take lower-priced waters so we don't use all our money on higher-priced water. Getting it after September 1st won't help us during the summer and because we want a cushion if wells fail or other issues, we want to have the flexibility of being able to draw more from the surface water. Director Palmer said that if we were able to survive June, July and August until September 1 then it would help preserve the groundwater basin in terms of shortages.

Under Public Comments, Ken Henneman said it is getting to be "desperation time" and water is selling for $1,000 per acre foot to buyers just 40 miles from Zone 7.

Alfred Exner, Pleasanton, support Ms. Duerig and the Board but said as a member of the public, from a perception standpoint, the 3:2 figure is going to give the impression that Zone 7 is paying more than just $150 per acre foot and this will rankle a lot of people in the public. He feels the average person will ask why Zone 7 is paying for the water but also cutting a side deal. Ms. Duerig said that staff had the same reaction which is why they did not come up with a "done deal" and are trying to negotiate a 1:1 or see how they can do it.

Director Machaevich said the 3:2 could be cheaper than paying $750 per acre foot to bring it in but he believes it should be left in the hands of staff who know what they are doing. He said that Zone 7 staff has to have the authority and the ability to make decisions instantly or the offers may be gone.

Director Quigley moved for approval and Director Machaevich seconded the motion. The motion was passed by a roll call vote of 6-1-0 with Director Ramirez Holmes voting no.

Resolution No. 14-43683	Directed the General Manager to negotiate and execute any necessary exchange agreements with Metropolitan or Semitropic that would secure the delivery of banked water supplies. (Item 10)

Item 11 - Committees - Zone 7/DSRSD/Livermore/Pleasanton/Cal Water Liaison Committee Meeting, March 26, 2014 - minutes

Ms. Duerig said the minutes of the Zone 7/DSRSD/Livermore/Pleasanton/Cal Water Liaison Committee were prepared by the City of Pleasanton since they hosted the meeting. Dublin San Ramon Services will host the next Liaison Committee meeting.

Item 12 - Reports - Directors

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

Director Palmer said she went to the Monterey ACWA conference and attended a Groundwater meeting and Zone 7 has a great Groundwater Plan. She talked to attendees from the Central Valley and one of the issues is that there are about 800,000 acres of land that have been fallowed this year and it is having a major impact because with the fallowed acres comes unemployment and whole communities are suffering and other issues arise including increased levels of domestic violence and a dramatic rise in children dropping out of school.

President Stevens was in the same meeting and was pleased at the amount of cooperation between Met, Kern County, and other agencies. Zone 7 is invited to the table because of respect in the water industry for General Manager Jill Duerig and because Zone 7 is both M&I and agricultural. He also reported that he and Carol Mahoney, Integrated Planning Manager, took Senator Ellen Corbett on a tour of the Chain of Lakes. Senator Corbett is going to try to help with grant funding for the two big drought projects under construction, Chain of Lakes 5 and the Cope Lake/Lake I Connection.

Ms. Duerig said that, thanks to Carol Mahoney and Carl Morrison on Zone 7's behalf, that project has risen up to the #1 slot and is likely to be partially funded for as much as $3 million.

Director Quigley said he also attended the ACWA Conference and heard the Governor's video talk about State water. The current President of ACWA, EBMUD Board Member John Coleman, talked about job losses in a drought and there will be a task force posting information on the ACWA website. Director Quigley asked the Board to endorse the State Water Action Plan and the November Water Bond and for staff to have a staff presentation on the June or July Board agenda for a Board discussion. He also spoke at a Tri-Valley Conservancy meeting and stressed that agricultural water is also under a 25% reduction. October 19 and 20th Region 5 will be having a event at the Martinelli Center which will include a tour of DWR's pumping plant at Del Valle, a tour of the dam and a look at the South Bay Aqueduct. John Marchand, Mayor of Livermore and former Zone 7 Board member, has been invited to participate on a panel.

Director Ramirez Holmes reported that she and her nine-year-old son participated in Zone 7's Take Your Children to Work Day. They had a fun time making projects, trying on emergency outfits and masks, and tours of the wells and demineralization plant. She also attended the City of Pleasanton City Council meeting where they updated the Ordinance and implemented the water restrictions. She has been talking to people about the drought, rebates, and toilet leaks. She also noted that another month has gone by without a Finance Committee meeting.

<u>Item 13 - Items for Future Agenda - Directors</u>

President Stevens suggested a discussion in June about Board Retreat items in advance of the meeting.

<u>Item 14 - Staff Reports</u> (Information items.)

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

Mr. Rothenberg, Livermore, provided the Board an additional handout, "Sycamore Grove Park Water Table Logger Data Summary." During Citizens Forum in April, Mr. Rothenberg brought to the Board's attention his concern for the health of the sycamore trees in Sycamore Grove Park as they may be affected by the abrupt shut off of water from the Arroyo del Valle. He thanked the Board for directing staff to prepare Staff Report 14(f) on the Sycamore Grove Background. It is his intention to keep the Board informed of the groundwater tables over the coming months. He feels it is important to restore water flows to the arroyo to the levels recommended in the Study and resolve this issue in the long term so that future drought conditions will not threaten the sycamore trees. He requested that the Board consider directing staff to continue working to resolve this issue.

President Stevens responded that this is the first year of the drought, but if there is not enough rain next winter, that would be the time for Zone 7 staff to revisit it. He interprets the report that one year without sufficient water will not hurt the trees. We can't let them die but staff is scrambling to get water for the community due to the drought.

Director Ramirez Holmes thanked Mr. Rothenberg for the background on the Sycamore Grove Park but when she asked if Zone 7 had met with LARPD to discuss the issue, she was told they had not. She feels Zone 7 staff should talk to LARPD and have a discussion to make sure we are all on the same page and are monitoring the situation as best as possible during a drought year, and when we would come back and look at the issue. Directors Quigley, Palmer and Figuers made additional comments and thanked Mr. Rothenberg for his interest.

g. Toxic Sites Surveillance Program Annual Report for 2013
h. Flood Protection Program 2013 Annual Report
i. Status of FY 2013-2014 Annual Report
j. Verbal Reports

Ms. Duerig gave a verbal report that the pipeline going from Cope Lake to Lake I may be finished a month early and is within budget including the addition of a flow meter. The project was a team effort and she recognized Project Manager Steve Ellis, Rhett Alzona, Matt Katen, and Ryan Gromer. Mr. Gromer helped identify a flow meter and get it in place that was a huge savings over the original estimate and allowed it to be within the original budget. Carol Mahoney's group, Elke Rank and Tami Church, helped with the environmental aspect. Consultant John Mahoney helped Zone 7 do a design-build contract which is something Zone 7 does not have a lot of experience with and allowed staff to "hit the ground running" and fast-track this critical project.

Director Quigley complimented staff on Item 18(h) Flood Protection Program's Annual Report and said it is the best he has ever seen. He also noted that there has not been an Administrative Committee meeting this year.

The board went into closed session at 8:45 p.m.

Item 15 - Closed Session

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

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

(c) Conference with Legal Counsel -- Initiation of litigation pursuant to Gov't Code Section 54956.9(d) (4): 1 case.

(d) Conference with Legal Counsel - Existing litigation pursuant to paragraph 1 of subdivision (d) of Government Code Section 54956.9: 3 cases.

Abram v. County of Alameda - Claim No: 13-028

Alameda County Flood Control and Water Conservation District, Zone 7 v. Pleasanton Gravel Co., Alameda County case no. HG14724177.

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

Item 16 - Open Session and Report Out of Closed Session

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

Item 17 - Adjournment

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

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

SPECIAL MEETING/BOARD WORKSHOP

May 29, 2014

President Stevens called the Special Board Meeting to order at 11:15 a.m. The following were present:

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

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER

Board members received a short driving tour of a portion of Zone 7's new Patterson Ranch property led by the tenant, Paul Banke, which included a description of range management techniques he uses. Then the Patterson Family's Trustee, Chop Keenan, provided a sandwich lunch for the directors and informal discussion continued about number of grazing cattle, property lines, and neighboring owners. Will Patterson was there to add information about the history of the ranch, DWR's dam construction efforts in the mid-1960s (and impacts on the ranch) and current management.

The directors expressed their gratitude to Mr. Keenan for organizing the workshop and providing lunch, as well as to Mr. Banke and Mr. Patterson for their participation.

The meeting was adjourned at 2:05 p.m.

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

SPECIAL MEETING

June 4, 2014

Vice-President Greci called the meeting to order at 7:03 p.m. The following were present:

DIRECTORS:	SANDS FIGUERS JOHN GRECI A J MACHAEVICH SARAH PALMER RICHARD QUIGLEY ANGELA RAMIREZ HOLMES
DIRECTORS ABSENT:	DIRECTOR STEVENS
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION TAMARA BAPTISTA, FINANCE MANAGER JAVIA GREEN, STAFF ANALYST JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum - none

Director Ramirez Holmes arrived at 7:05 p.m.

Item 4 - 2014-15 CIP Projects

Kurt Arends, Assistant General Manager, Engineering, presented a power point presentation to the Board on the Capital Improvement Projects (CIP). The CIP is a long-term plan that looks at funding, cash flow, and revenues. These plans are usually updated every two years. The CIP projects the annual capital expenditures which are then incorporated into the annual budget. Because of the drought and the need for new projects to be added, changing priorities and changing cash flow, it is difficult to do a new 10-year update at this time so only 2014/15 Capital Fund expenditures were reviewed but hope to have a 10-year update next year. This information was presented to the Water Resources Committee on May 29, 2014, for review. The CIP depends upon the projects being funded that particular year and some years involve more improvements than other years. Mr. Arends explained the capital funds as follows:

Fund 120 - Renewal/Replacement and System-Wide Improvements Fund

Funded through annual transfers from Fund 100. Each year the amount is transferred from Fund 100 for the Asset Management Program (AMP).

The main issue is maintaining cash flow along with re-prioritizing the projects identified to see which could be deferred and which need to be funded. Big changes proposed include a Storage/Transmission/ Distribution System Master Plan for short to long-term improvements with the distribution system (pump stations and storage to address water supply needs). Money ($800,000) was added to cover a potential intertie with East Bay Municipal Utility District if there are any grant opportunities. If grant opportunities are not available, those funds are not spent and remain in reserves. The recommendation is an increase of $287,889 which increases the expenditures to a total of $7,986,889, a proposed increase of 3.7%. Director Palmer asked what is the likelihood of the intertie project. Mr. Arends responded not likely this year and grant opportunities not likely either but we are keeping it in the fund for opportunities that we can apply for in the future.

Director Ramirez Holmes said the adopted budget was $14,920,377 and she asked what was actually spent out of Fund 120 in FY13/14? Mr. Arends said between $12 million and $14 million but she said the estimated actuals on expenses in the information received was $22 million. Mr. Arends replied that there is a difference between approved budgets, amended budgets, actuals and carry over funds because in the CIP large projects are budgeted. Carryovers are used to continue a process or project instead of re-budgeting each year. Director Ramirez Holmes said at the Finance Committee she was told information would be provided at this meeting including a list of projects to account for the discrepancy between what was approved and the estimated actual. Mr. Arends showed a list of projects for a total of $14,970,000. There is also project carry over (projects from the prior year that were carried over to fund capital projects), additional appropriations for drought projects that the Board approved, and encumbrance carryovers (contracts that were funded over the year) which, when added up, total $25.9 million.

Director Figuers asked Vice-President Greci and staff to move the budget discussion in front of the remainder of the CIP presentation to try to answer a lot of questions but Vice-President Greci decided that the agenda be continued as planned. Director Ramirez Holmes expressed concern about providing direction on the CIP item if it was continued two items later.

Ms. Duerig suggested it might be easier to go through the budget item first so questions related to cash flow, different budget numbers, and different estimates would be addressed in the budget presentation.

Director Machaevich requested that directors pull staff aside before the meetings so questions could be answered before the full board meeting. Also any information requested by directors could be provided in advance so it could be reviewed prior to the meeting.

Item 6 - Proposed Budget for Fiscal Year 2014/15

Tom Hughes, Assistant General Manager, Administration, asked the Directors to bear in mind that a normal process for staff is to have two or three months to put together a budget but because of the Drought Emergency this year, once staff had finalized the budget numbers, they had a week and half to put together this budget. At the Finance Committee there were a lot of questions due to errors in the calculations on the spreadsheets but staff's presentation will attempt to address most of the questions. One of the questions was why year after year the budget number is different from the audit number from last year. There are factors in the audit that are not in the budget because the budget is a planning tool and the audit is an accounting process, i.e., depreciations are not in the budget so unless there is a change in how things are done in the future, those two numbers will never be the same.

Tamara Baptista, Finance Manager, further explained why the budget process was different this year. It was unique because it was difficult to develop the budget due to the drought, and things are still changing with water supplies, loss of revenue and water conservation. Operations staff meet frequently with the retailers to discuss and update operation plans. The uncertainty of water supplies both in pricing and availability had an impact as well as evolving CIP priorities due to the drought. Staff continues to analyze the impact of the drought to insure that they provide up-to-date information.

Ms. Baptista addressed the Finance Committee's comments and questions from a meeting held two days before. More information was provided on the $3.3 million transfer from Fund 100 to Fund 120 as well as an explanation of the changes from the Board-approved budget to the amended budget. Two tables on water deliveries, one on volume of water and one on cost, were included for FY13/14 and FY14/15. A FY14/15 budget was developed with no drought surcharge; previously the budget was based on a 15% surcharge. Also included was a new budget report showing a column for FY13/14 year-to-date actuals and information on the use of reserves, as requested by the Committee.

Drought projects from Fund 120 were presented in a table showing all the projects listed and a total amount of $3.3 million. The Finance Committee asked for an explanation of the transfer from Fund 100 to Fund 120. The bulk of that transfer is to the Asset Management Plan (AMP) per a Board resolution in June 2011. This year's planned transfer is $9.5 million and, in addition to that, there is $3.3 million for the unplanned drought projects not part of the AMP. The proposed additional $3.3 million transfer from Fund 100 to Fund 120 would replenish the capital reserves in Fund 120 and increase funding available for the planned AMP projects.

Ms. Baptista gave an example of how staff got from the Board-adopted budget to the amended budget for FY13/14. The difference was the Board adopted budget amount + capital project carryovers + additional appropriations for drought + encumbrance carryovers = total amended budget.

There are three operating funds (Funds 100, 110 and 200) and three capital funds (Funds 120, 130 and 210). Only Funds 100 and 120 are affected by the drought and the Asset Management Plan Ramp-Up (the $9.5 million transfer for FY14/15). The Fund 100 budget assumes a 25% loss of water sales for calendar year 2014 and increased transfers to Fund 120 for drought projects, along with increased costs for operations and maintenance such as emergency generator rental. Per the Finance Committee's request, detail was added to the chart for All Funds in FY14/15.

Director Figuers commended Director Ramirez Holmes for delving into budget detail and trying to understand it. Based on the confusion at the Finance Committee meeting, Director Figuers came up with a better way of doing things, talked to staff and worked up graphs. Director Figuers handed out "concept" graphs to show a different way of looking at the budget and said that he feels it will help with understanding it. The graphs are based on a timeline and showed the interaction of several areas instead of a spreadsheet with numbers. He said it takes a while to understand the graphs but once you understand it, it makes sense. These graphs can be created every month and it will be easier to track amounts added to the next budget, see reserves changing, and look at cash flow so mid-year the Directors will have a good idea of the status of the budget. Since funds carried over can be tracked, it will help with making decisions on reallocating money if no longer needed, allows better planning and understanding of the flow of money, plus helps spot trends.

Ms. Baptista continued her presentation by explaining details of the graphs to the Directors. She explained that Fund 100 (Water Enterprise Fund) is for the operation and maintenance of the water system and an additional column for actuals to date for FY13/14 was added to the table per the Finance Committee's request.

Fund 110 (State Water Facilities Fund) is to pay for voter-approved state debt, is a pass-through to pay for the State Water Project's fixed costs.

Fund 120 (Renewal/Replacement & System-wide Improvements) is to pay for existing infrastructure.

Fund 130 (Expansion Fund) pays for the impact the new development has on the water system and capital projects make up this budget for expenses and is funded by connection fees. Although 770 connections are projected, if there are 300 connections less than projected, the reserve balance will fall below minimum Board-approved reserve levels.

Fund 200 pays for current flood control infrastructure. Again a column was added for FY13/14 year-to-date actuals for clarity and understanding. The proposed FY13/14 budget decreased due to one-time capital projects such as watershed investments.

Fund 210, flood protection, pays for the impact that new development has on flood control infrastructure.

The recommended action is that the Board provide direction on the proposed budget.

The Directors had an opportunity to ask questions including how staff time is allocated for capital projects in the budget. There was a brief discussion on staff time and that it is coming out of the same labor pool, not additional staff being added. Vice-President Greci said that wages come out of a big pot for financing purposes, to track money and forecast staff; the final numbers are going to show that the money came from the beginning fund allocated for salaries. Director Figuers said the graph will show all projects with staff included. Ms. Duerig said that staff time is also included in the CIP estimate but not included when a specific contract is approved because that is a specific person or company to do specific work.

Director Ramirez Holmes asked additional questions such as the total dollar amount for projects for the drought and which are for FY13/14 and which for FY14/15? She is trying to figure out which projects were approved and if there is double counting. Mr. Arends said the total of the drought projects exceeded $7.2 million but this is the amount that was planned to be spent this year. Director Figuers said that from the Board's standpoint, another identifier is needed to show what came from which appropriation by project but Mr. Arends said his chart shows total appropriations only from Fund 120. Director Ramirez Holmes asked if she can still get the list of drought projects appropriated by the Board from a transfer from reserves and by fiscal year.

Vice-President Greci complimented Director Figuers on the extra work and time he put in and working with staff on the graphs presented because it is a wonderful tool and easier to read and understand than all the numbers in a table. He also encouraged Director Ramirez Holmes to come in and interact with staff before the June 18th Board meeting if she has additional questions.

Director Ramirez Holmes noted that last year a meeting was held with the retailers on the proposed budget but that did not happen this year so is the meeting planned before the June 18th Board meeting? Ms. Baptista said they are in the process of scheduling a meeting with the retailers now. She also asked if there would be a proposed budget book distributed to the Board prior to the next Board meeting and Mr. Hughes confirmed that a proposed draft budget book will be given to the Board prior to June 18th.

Item 4 - 2014-15 CIP Projects (continued)

Mr. Arends continued his CIP presentation.

Fund 130 - Expansion

The majority of the costs in Fund 130, Expansion, are non-discretionary commitments we have to pay such as a building lease, South Bay Aqueduct Expansion financing charges, etc. In addition we have a $2.9 million credit from the Department of Water Resources (DWR) for off-peak pumping (Dyer Reservoir) which would allow DWR to pump during non-peak hours and save costs. Because we fund a large portion of that expense, we get a large credit back for those savings. Expenditures in Fund 130 are decreasing by approximately $3.7 million for a total of $21.6 million, about a 14.7% decrease primarily from the DWR credit. Fund 130 is funded by connection fees.

Fund 200/210 - Flood Protection/General

Fund 200 is funded through property taxes and Fund 210 through development impact fees (DIF) for impervious surfaces. Most flood control projects benefit both existing and future customers because they typically take place in creeks and improve the water flow through the creek. Funds are combined so the big picture can be looked at rather than splitting project funds. The first big project is the Arroyo Las Positas Treatment Wetlands, a potential detention basin and habitat along Las Positas Creek. Staff is trying to find wetland opportunities between Lin and Shea Homes to create detention facilities in that area for potential grants. Although nothing will be constructed this year, staff is hoping to look for grant opportunities for habitat mitigation wetland type restoration projects because Zone 7 has to show that it is in the budget and something we are planning to do.

The other big project is the Chabot Canal Regional Storm Water Detention in the Camp Parks' area, working with the Dublin Crossings developer for detention facilities. There is potential downstream flooding and Hacienda Business Park experiences problems. Due to culverts and undersized street crossings, it is expensive to replace or fix them. An alternative is to provide detention facilities upstream on Chabot Canal to detain some of those flows from getting into town and causing problems. This is an opportunity to work with the developer who would actually do the construction since they will be doing their own detention projects on site. We are looking for opportunities to expand what they are currently doing or facilitate new sites on that property. Because it is for the Valley and Zone 7's protection, we would reimburse them to construct those additional facilities for us.

We are also working on finalizing our hydrologic models for the Valley and updating the Stream Management Master Plan (SMMP) and potentially it will impact the DIF. This will affect the capital program for the flood control program so a lot of staff time and proposals are included to do those updates with the majority being done in-house. That will identify future projects, funding requirements and expenditures needed to layout and update the SMMP.

Director Quigley asked about the time frame for the SMMP update and hydrology models. Mr. Arends said the modeling should be done by the end of this calendar year and hopefully an assessment of the problems identified. How long it takes to refine those and develop the plan itself has yet to be determined. Director Quigley confirmed with Mr. Arends that the work will be done predominantly with in-house staff. Schaaf and Wheeler will refine our models which are beyond staff's technical expertise.

The recommendation for Fund 200/210 is to increase expenditures by approximately $7 million to a new total of $11 million. A large amount will probably not be spent and the remainder of the funding is going to finish updating the SMMP. Zone 7 agreed with retailers and developers not to increase the development impact fee until the SMMP is updated.

Director Ramirez Holmes asked if the drought projects are not listed because they were listed in the previously approved CIP. Mr. Arends said the drought projects were not listed in the CIP because they were unplanned at the time and do not show up in the CIP but were implemented in FY13/14. He said the projects he noted are for FY14/15 so the drought projects are not included because they are being done currently. Director Ramirez Holmes then said that in the Drought Surcharge Report it was reported that FY14/15 includes an additional $3.3 million transfer for the drought emergency projects, but those projects are not listed or are they an addition on a separate list? Mr. Arends said those were additional expenditures incurred this year which drew down the funding reserve in Fund 120 in that particular case. The recommendation being made is to replenish that funding reserve because at some point that funding has to be made up. Those projects were not planned originally out of that funding and the AMP did not include those projects so that fund will be short that amount going forward. Now it is associated with the drought and makes sense to include it with the drought action and replenish the funds from Fund 120.

Director Quigley said replenishment is the key and we aggressively spent a lot of money to build two wells that were not planned to be built for years, but we have to replenish the money. He agrees completely with what staff is doing because we spent money we had not budgeted so we adjusted our budget and now we have to replenish that fund.

Mr. Arends also had figures for the drought projects for Director Ramirez Holmes:

Chain of Lakes	$3.6 million
Cope Lake Transfer	$950,000
Busch Valley Well	$1.4 million
Union Pacific Railroad property for the Busch Valley Well	$813,000
County Property	$339,000

And an additional appropriation for the Pipeline of $100,000, for a total of $7.2 million from Fund 120 and Fund 130 for those projects.

Item 5 - Proposed Drought Surcharge

Ms. Baptista said following the Finance Committee's comments and the concerns raised by the retailers on the challenges they will face implementing a drought surcharge, staff recommends a 0% or no drought surcharge.

A meeting was held with the retailers on April 30 to discuss a 15% drought surcharge. After more recent discussions, the recommendation is 0%. The Finance Committee met June 2 and staff will have further budget discussions with the retailers.

Assumptions made were that the duration of the drought is related to the calendar year 2014 State Water Project allocation. Financial impacts include a 25% overall loss of water sales revenue for 2014 ($10 million). The proposed FY14/15 Fund 100 budget includes an increase in drought-related operations and maintenance costs. The proposed Fund 100 budget does include a transfer to Fund 120 to cover Fund 120's share of the drought emergency projects ($3.3 million). All of the Drought Contingency Reserve ($5.9 million) and a portion of the Rate Stabilization reserves ($8.8 million with a 0% surcharge) could be used to help cover the financial impact of the drought.

Depending upon the amount of a drought surcharge, some reserve funding could be saved. All options include using 100% of the Drought Contingency and some of the Rate Stabilization reserve. If we have a 0% surcharge, we would use $8.8 million; a 15% surcharge would reduce that amount to $6.4 million; a 25% surcharge would reduce it even further to $4.7 million; and with a 55% surcharge, we would not use any of the Rate Stabilization reserve.

Next steps: Staff recommendation was originally 15% in April when they met with the retailers. After the June 2 Finance Committee meeting and further discussions with the retailers, the new recommendation is no drought surcharge. Staff recommends consideration of replenishing reserves as part of our regular Fall water rate discussion.

Vice-President Greci said he is in favor of a no drought surcharge because we are getting close to the time when the Board will be considering water rates anyway. The Rate Stabilization reserve is there so it should be used rather than pass anything on to the retailers or the public. Director Palmer agreed.

Director Machaevich asked roughly how long it will take to rebuild the Drought Contingency and the Rate Stabilization funds. Ms. Baptista said it depends upon the water rate increases we have in the future. If we have a higher water rate increase, it will replenish the reserves quicker; a lower one or small, incremental increases will take longer. He then asked how long it took to build the current reserves. Ms. Baptista answered that the rates have varied and a Reserve Policy was just developed last year so these are new categories for staff. They took the reserve balances and allocated them.

Director Quigley said we used the Rate Stabilization fund with the last increase. He is comfortable with 0% but going forward with rate discussions, he would urge the retailers to understand that in order for those reserves to be healthy they have to be protected and managed well. He said it is common for retailers to not want rate increases but when Zone 7 is using reserves and the Rate Stabilization Fund, they have to be replenished and part of the water rate discussion.

Director Ramirez Holmes pointed out that Fund 100 is where the retailers pay us and on the estimated actuals for FY13/14, estimated actual reserves at the end of the year are $35 million and the reserve levels set by the Board to be healthy for Water Enterprise Fund 100 is between $10 million and $29.6 million so we "shot over our reserves." She pointed out to the Board that they are not dipping too far into the reserves because we are already above maximum reserve levels that we set with the Interim Draft Policy. The proposed budget reduces them but reserve levels are healthy and the retailers' concern over the years is that Zone 7 had too much and too many reserves and we should be using them instead of increasing water rates.

Public Comment

Don Kahler, Pleasanton Gravel, asked what are the Professional and Technical Services in the budget. Ms. Duerig explained that those usually include consultant services in any given fund. He then asked what fund is used for attorney fees and was told they are part of the Professional and Technical Services.

Alfred Exner, Pleasanton, asked how we are doing with conservation because we say there is a 25% conservation savings imbedded in the budget but from the Finance Committee meeting, it was understood that no one is really conserving 25%. He would like to see a bar chart on conservation. Ms. Duerig said that information will be included in the next drought report but that at least two retailers have independent pumping of ground water so it is difficult to provide total numbers on how much water is saved because they could be replacing Zone 7 water with additional pumping from their own wells.

Vice-President Greci said a 0% surcharge recommendation will be presented to the Board on June 18th. Ms. Duerig said it will be included in the budget presentation, not three separate items, but based on no surcharge.

Item 7 - Committees - Water Resources Committee, May 29, 2014 - notes

Director Figuers said there was a Finance Committee meeting on June 2, 2014. Notes are pending.

Item 8 - Verbal Reports - none

Item 11 - Adjournment

The meeting was adjourned at 8:50 p.m.

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

ORIGINATING SECTION: Water Quality
CONTACT PERSON: Brian Keil\Gurpal Deol

AGENDA DATE: June 18, 2014 ITEM NO. **5a**

SUBJECT: Amendment No. 1 to the Memorandum of Understanding (MOU) between Members of the Bay Area Regional Mussel Prevention Consortium

SUMMARY:

- Zebra and Quagga mussels are established in several bodies of water west of the 100th meridian (Lake Mead, San Justo Reservoir, and several Southern California lakes).
- Once they become established, these exotic invasive species have the potential to significantly disrupt not only the local ecosystem but also the operation of water distribution systems and water treatment facilities.
- A number of public agencies in Alameda County, Contra Costa County, Monterey County, Santa Clara County and San Benito County formed a Bay Area Regional Consortium and entered into a MOU on January 1, 2010 to provide a regional approach to prevent or delay the introduction of Zebra and Quagga mussels.
- A Bay Area Consortium Zebra and Quagga Mussel Coordinated Prevention Plan has been developed by consortium members. Since the establishment of the consortium, only one new infestation of a body of water in Northern California has occurred (a water body on a golf course).
- The Department of Boating and Waterways, when awarding grants, shall give priority to applicants who have a prevention plan and shall take into consideration the benefits of a regional-scale mussel prevention plan.
- Amendment No. 1 to the MOU extends the term of the existing MOU from December 31, 2015 to December 31, 2020. All other provisions of the MOU will remain the same.
- Staff recommends continuing participation as a way to show ongoing support for the program.

FUNDING:
No funding impact.

RECOMMENDED ACTION:
Adopt the attached Resolution authorizing the General Manager to execute Amendment No.1 to the Memorandum of Understanding between members of the Bay Area Regional Mussel Prevention Consortium.

ATTACHMENT:

1. Zone 7 Board Resolution
2. Amendment No. 1 to the Memorandum of Understanding between members of the Bay Area Regional Mussel Prevention Consortium

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Amendment No. 1 to the Memorandum of Understanding (MOU) between Members of the Bay Area Regional Mussel Prevention Consortium

WHEREAS, zebra and quagga mussels once established have the potential to significantly disrupt not only the local ecosystem but also the operation of water distribution systems and water treatment facilities; and

WHEREAS, zebra and quagga mussels are not readily detected and spread easily by attaching themselves to boats, personal watercraft and related equipment; and

WHEREAS, the Santa Clara County Parks and Recreation Department, Alameda County Water District, Contra Costa Water District, Monterey County Parks Department, Monterey County Water Resources Agency, San Benito County Water District, East Bay Regional Park District, East Bay Municipal Utility District, Santa Clara Valley Water District, and Zone 7 Water Agency formed a Bay Area Regional Mussel Prevention Consortium and entered into a MOU on January 1, 2010; and

WHEREAS, the Bay Area Regional Mussel Prevention Consortium wishes to extend the term of the existing MOU from December 31, 2015 to December 31, 2020, all other provisions of the original MOU remaining the same.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute Amendment No.1 to the MOU between members of the Bay Area Regional Mussel Prevention Consortium extending the term of the MOU to December 31, 2020.

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 June 18, 2014.

By ______________________________________
President, Board of Directors

AMENDMENT #1 TO THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN

**SANTA CLARA COUNTY,
ALAMEDA COUNTY WATER DISTRICT,
CONTRA COSTA WATER DISTRICT,
MONTEREY COUNTY PARKS DEPARTMENT,
MONTEREY COUNTY WATER RESOURCES AGENCY,
SAN BENITO COUNTY WATER DISTRICT,
EAST BAY REGIONAL PARK DISTRICT,
EAST BAY MUNICIPAL UTILITY DISTRICT,
ZONE 7 WATER AGENCY,
AND THE SANTA CLARA VALLEY WATER DISTRICT**

WHEREAS, the Santa Clara County (acting by and through its Parks and Recreation Department), the Alameda County Water District, the Contra Costa Water District, the Monterey County Parks Department, the Monterey County Water Resources Agency, the San Benito County Water District, the East Bay Regional Park District, the East Bay Municipal Utility District, the Zone 7 Water Agency, and the Santa Clara Valley Water District are members of the Bay Area Consortium for the coordinated prevention of quagga and zebra mussels ("the Bay Area Consortium"); and,

WHEREAS, the Bay Area Consortium members entered into a MOU on January 1, 2010 to implement best efforts to comply with a regional *Bay Area Consortium Zebra and Quagga Mussel Coordinated Prevention Plan*; and,

WHEREAS, the State of California chaptered a new law related to *Quagga and Zebra Mussel Infestation Prevention Fee Regulations* that went into effect January 1, 2014, whereby a mussel fee shall be collected by the DMV via vessel registration renewals from certain vessel operators who use non-marine waters in the State; and,

WHEREAS, the funds collected by the DMV shall be deposited with the Department of Boating and Waterways (DBAW) Harbors and Watercraft Revolving Fund; and,

WHEREAS, one of the purposes of the mussel fee is to establish a Grant Program to provide partial funding for reasonable regulatory costs incident to the implementation of mussel infestation prevention plans to entities subject to Section 2302 of the Fish & Game Code; and,

WHEREAS, the Department of Boating and Waterways, when awarding grants, shall give priority to applicants who have a prevention plan and shall take into consideration the benefits of a regional-scale mussel prevention plan; and,

WHEREAS, the Bay Area Consortium members are subject to Section 2302 of the Fish & Game Code; the Consortium possesses a written prevention plan, and the Consortium was the first regional-scale mussel prevention effort in the State; and,

WHEREAS, the current Bay Area Consortium MOU expires on December 31, 2015; and the Consortium members seek to extend the MOU through December 31, 2020 in order to maintain a regional scale effort to assist with securing ongoing mussel prevention grant funds from DBAW.

WHEREAS, on __________________, the County Board of Supervisors approved a delegation of authority to the Director of the Parks and Recreation Department to execute any amendments to said MOU, subject to County Executive approval and review and approval as to form and legality by County Counsel.

NOW THEREFORE THE PARTIES AGREE TO THE FOREGOING AND AS FOLLOWS:

1. **Term.** Upon execution, of this first amendment to the MOU by all parties below, the term of the MOU shall be extended through December 31, 2020.

2. All other provisions and definition of the MOU shall remain in effect and apply to this MOU.

.

In witness whereof, the parties hereto have executed this MOU as of the last date signed below ("Effective Date").

FOR SANTA CLARA COUNTY,

BY AND THROUGH THE PARKS AND RECREATION DEPARTMENT

Executed:	**Approved:**
By ______________________________	By______________________________
Robb Courtney, Director Parks and Recreation Department	Sylvia Gallegos, Deputy County Executive
Date:____________	Date:______________

Name/Address of Party to Receive Notices:
Janet Hawks, Deputy Director
Santa Clara County Parks and Recreation Department
298 Garden Hill Drive, Los Gatos, CA 95032

Approved as to form and legality:

By ______________________________
Shirley Edwards, Deputy County Counsel
County of Santa Clara

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR ALAMEDA COUNTY WATER DISTRICT

Executed:

By ____

Walter L. Wadlow, General Manager Date
Alameda County Water District

Approved as to form and legality:

By ____

District Counsel
Alameda County Water District

Name/Address of Party to Receive Notices:

Walter L. Wadlow
Alameda County Water District
43885 S. Grimmer
Fremont, CA 94538

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR CONTRA COSTA WATER DISTRICT

Executed:

By ______________________________________

Jerry Brown, General Manager Date
Contra Costa Water District

Approved as to form and legality:

By ______________________________________

District Legal Counsel
Contra Costa Water District

Name/Address of Party to Receive Notices:

Peter Colby, Water Operations Manager
Contra Cost Water District
2015 Bates Ave
Concord, CA 94524

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR MONTEREY COUNTY PARKS DEPARTMENT

Executed:

By____
Stella Sandoval, Acting Director Date
Monterey County Parks Department

Name/Address of Party to Receive Notices:
Stella Sandoval, Acting Director
Monterey County Parks Department
P.O. Box 5249
Salinas, CA 93915

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR MONTEREY COUNTY WATER RESOURCES AGENCY

Executed:

By____

David E. Chardavoyne, General Manager Date
Monterey County Water Resources Agency

Name/Address of Party to Receive Notices:

David E. Chardavoyne, General Manager
Monterey County Water Resources Agency
893 Blanco Circle
Salinas, CA 93901-4455

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR SAN BENITO COUNTY WATER DISTRICT

Executed:

By ____
Jeff Cattaneo, District Manager Date
San Benito County Water District

Approved as to form and legality:

By ____
District Counsel
San Benito County Water District

Name/Address of Party to Receive Notices:
Jeff Cattaneo, District Manager
San Benito County Water District
30 Mansfield Road
Hollister, CA 95024

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR EAST BAY REGIONAL PARK DISTRICT

Executed:

By ____________________________________
Jim O'Connor, Asst. Gen. Manager Ops Date
East Bay Regional Park District

Approved as to form and legality:

By ____________________________________
District Counsel
East Bay Regional Park District

Name/Address of Party to Receive Notices:
Jim O'Connor, Asst. General Manager Operations
East Bay Regional Park District
P.O. Box 5381
2950 Peralta Oaks Court
Oakland, CA 94605

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR EAST BAY MUNICIPAL UTILITY DISTRICT

Executed:

By ____
Alexander R. Coate, General Manager Date
East Bay Municipal Utility District

Approved as to form and legality:

By ____
Office of General Counsel
East Bay Municipal Utility District

Name/Address of Party to Receive Notices:
Richard G. Sykes
Manager of Natural Resources
East Bay Municipal Utility District
375 11th Street
Oakland, CA 94607

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR ZONE 7 WATER AGENCY

Executed:

By ____

G.F Durig, General Manager Date
Zone 7 Water Agency

Name/Address of Party to Receive Notices:
Kurt Arends, Assistant General Manager
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

//ADDITIONAL SIGNATURES ON FOLLOWING PAGE//

FOR SANTA CLARA VALLEY WATER DISTRICT

Executed:	**Approved:**
By ______________________________	By ______________________________
Jim Fiedler, Chief Op. Officer Date Santa Clara Valley Water District	Beau Goldie, Chief Exec. Officer Date Santa Clara Valley Water District

Approved as to form and legality:

By ____________________________________

Anthony Fulcher, Senior Assistant District Counsel
Santa Clara Valley Water District

Name/Address of Party to Receive Notices:

Bruce Cabral, Water Quality Unit Manager
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118 -3614

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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: June 18, 2014 ITEM NO. **5b**

SUBJECT: California Water Action Plan

SUMMARY:

- On January 22, 2014, the State of California released its final Water Action Plan which was a comprehensive approach to addressing management of the state's water supplies (see http://resources.ca.gov/california_water_action_plan/docs/Final_California_Water_Action_Plan.pdf).

- This Action Plan was based on the input from many stakeholders, including the water community. In anticipation of this effort, on September 27, 2013, the Association of California Water Agencies (ACWA) had released a Statewide Water Action Plan (SWAP) to provide a framework from which state staff could build such a comprehensive program (for ACWA's SWAP, see http://www.acwa.com/sites/default/files/post/statewide-water-action-plan/2013/10/final-printer_statewide-water-action-plan-3.pdf).

- While the two plans are very similar, the ACWA plan contains more detailed implementation information. ACWA's comparison of the two documents is available on their website at http://www.acwa.com/sites/default/files/page/2014/02/swap-final-cwap-comparison-doc-020414.pdf.

- Since the two plans are compatible and, together, are beneficial to long-term comprehensive management of the state's water resources, staff recommend supporting both.

FUNDING:
This action has no funding impact.

RECOMMENDED ACTION:
Adopt attached resolution.

ATTACHMENTS:
Resolution

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Supporting Statewide Water Action Planning

WHEREAS, a broad cross-section of water interests convened by the Association of California Water Agencies (ACWA) has developed a Statewide Water Action Plan (SWAP) to address overall water supply reliability and ecosystem health in California; and

WHEREAS, when implemented together, this suite of statewide actions will serve as a sustainable path forward for California; and

WHEREAS, many of the actions in the SWAP were incorporated into the California Water Action Plan released by the governor on January 22, 2014; and

WHEREAS, together the two documents form a sound set of principles and implementing approaches to improve overall water supply reliability in the state;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Zone 7 Water Agency hereby supports both the California Water Action Plan and ACWA's Statewide Water Action Plan.

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 June 18, 2014.

By: ____________________________________
President, Board of Directors

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: June 18, 2014 ITEM NO. **5c**

SUBJECT: AIRFARE REIMBURSEMENT AUTHORIZATION

SUMMARY:

Historically, Zone 7 staff and directors have had the option of using one of the County's travel agencies to book air travel or booking themselves and seeking reimbursement when they are traveling on Zone 7 business. Recently, Zone 7 staff were informed that the County's Manual of Accounting Policies and Procedures (MAPP) only allows use of one of the County-approved travel agencies to book air travel and will no longer permit employees or board members to book their own air travel and seek reimbursement unless such a procedure is specifically authorized by the Zone 7 Board.

Staff recommend adopting the attached resolution permitting staff or board members to either use one of the County-approved travel agencies to book business-related air travel or to individually book such travel and seek reimbursement.

FINANCIAL:

There is no direct fiscal impact from adopting the proposed amendment.

RECOMMENDED ACTION:

Adopt attached resolution.

ATTACHMENT:

Resolution

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Approving Airfare Reimbursements

WHEREAS, Alameda County's Manual of Accounting Policies and Procedures (MAPP) only allows use of one of the County-approved travel agencies to book business-related air travel; and

WHEREAS, there are certain efficiencies to the Zone 7 Water Agency in allowing employees and directors to either use one of the County-approved travel agencies to book business-related air travel OR to book business-related air travel individually and then seek reimbursement;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that employees and directors may either use one of the County-approved travel agencies to book business-related air travel or may book individually; and

BE IT FURTHER RESOLVED that employees and directors who book Zone 7-related air travel individually shall be reimbursed for that travel.

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 June 18, 2014.

By: ____________________________
President, Board of Directors

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

ORIGINATING SECTION: Facilities Engineering
CONTACT: Brandon Woods/Rhett Alzona

AGENDA DATE: June 18, 2014 ITEM NO. **5d**

SUBJECT: Professional Services Contract with Kier & Wright, Inc., for Surveying Support Services

SUMMARY:

- Zone 7 requires on-going surveying support services for the planning, design, construction, and maintenance of Zone 7 facilities. Zone 7 staff currently does not have the in-house technical expertise or manpower to provide these services.
- In order to more efficiently obtain these services, it is Zone 7's practice to go through the Request for Proposals process for such services once every three years. The initial contract is for one year. With satisfactory performance, new annual contracts may be executed up to two additional times with the same firm to provide the services for a total of up to three years.
- In April 2014, proposals were requested from 14 firms to provide such services to Zone 7 on an annual contract basis with five firms submitting proposals. Kier & Wright Civil Engineers & Surveyors, Inc. was found to be best able to provide these services to Zone 7.
- It is recommended that the General Manager be authorized to execute annual contracts with Kier & Wright for an amount not to exceed $135,000 each fiscal year (FY 14/15, FY 15/16, FY16/17).

FUNDING:
Funding for this contract comes from and is available in the following funds:

Fund 200 – Flood Control/General Fund;
Fund 100 – Water Enterprise;
Fund 120 – Renewal & Replacement/System-Wide Improvements;
Fund 130 – Expansion; and
Fund 210 – Flood Control and Stormwater Drainage

RECOMMENDED ACTION:
Adopt attached resolution authorizing the General Manager to negotiate and execute annual contracts with Kier & Wright Civil Engineers & Surveyors, Inc., for as-needed surveying support services for up to three years in an amount not to exceed $135,000 each year.

ATTACHMENTS:

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

Interoffice Memo

Date: June 18, 2014
To: Jill Duerig, General Manager
From: Brandon Woods, Assistant Engineer, Facilities Engineering
Subject: Professional Services Contract with Kier & Wright, Inc., for Surveying Support Services

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

BACKGROUND

Zone 7 requires on-going surveying support services for the planning, design, construction, and maintenance of Zone 7 facilities, such as treatment plants, groundwater wells, pipelines, roads, and flood control channels. Zone 7 staff do not have the in-house technical expertise or manpower to provide these services.

In order to more efficiently obtain these services, it is Zone 7's practice to go through the Request for Proposals (RFP) process for such services once every three years. The initial contract is for one year. With satisfactory performance, a new annual contract may be executed up to two additional times with the same firm to provide the services for a total of up to three years.

DISCUSSION

Zone 7 has compiled a list of projects that are identified in the upcoming budget and Capital Improvement Program, or that are anticipated to support maintenance activities, land acquisition, and other planning activities, which will require surveying support/professional services.

In April 2014, a Request for Proposal to provide the needed surveying support/professional services was distributed to 14 firms. Proposals were received from the following five firms:

- BKF Engineers
- Mark Thomas & Co.
- Kier & Wright Civil Engineers & Surveyors, Inc.
- Ruggeri-Jensen-Azar & Associates
- Accurate Land Solutions

Zone 7 staff reviewed the proposals and found Kier & Wright Civil Engineers & Surveyors, Inc., as being best able to provide the required services to Zone 7. The criteria used to rank the firms included qualifications and experience of personnel, services available, response time, references, and a demonstrated understanding of Zone 7's surveying needs. Kier & Wright rated high on flood control surveying work, groundwater monitoring surveying work and other surveying work, as their previous experience doing this exact work for Zone 7 for the last six years has been satisfactory and provides for greater efficiency and productivity.

Kier and Wright was rated highest overall and Mark Thomas & Co. was rated second. Mark Thomas has very extensive treatment plant experience, especially in Alameda County, and they provided a significant amount of technical surveying capability (equipment, drawing options, etc.). The stability and long tenure of their firm, as well as their large portfolio of directly related experience was enough that Zone 7 anticipates entering into a small contract with Mark Thomas to evaluate their performance on some capital improvement projects or other survey work next fiscal year.

It is recommended that the General Manager be authorized to execute a professional services contract with Kier & Wright in an amount not to exceed $135, 000 per year for up to three fiscal years.

The Scope of Services to be performed by Kier & Wright on an as-needed basis is shown on Exhibit A. The Scope of Services identifies the broad range of surveying support services and technical expertise the consultant will provide to Zone 7 to ensure the timely completion of quality projects. Payments will be based on actual time and materials.

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Professional Services Contract with Kier & Wright, Inc., for Surveying Support Services

BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute annual professional services contracts with Kier & Wright Civil Engineers & Surveyors, Inc. or Mark Thomas &Co., for as-needed surveying support services in an amount not to exceed $135,000 per year for up to three fiscal years.

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 June 18, 2014.

By: ______________________________
President, Board of Directors

Exhibit A

Zone 7 Water Agency

Annual Service Contract for Surveying Support Services

SCOPE OF WORK

The Consultant shall perform the following services on an as-needed basis:

1. Provide field surveying related services at various locations within the Zone 7 service area including but not limited to topographic surveys, Global Positioning System (GPS), benchmarks, surface and subsurface utility surveys, boundary surveys, cross-sections, aerial photos, aerial surveys, construction baseline survey and staking, movement monitoring work, and set permanent monuments.

2. Provide office surveying related services including downloading field data to and from computer in AutoCAD 2013 to general files including point, digital terrain model (DTM), triangulated irregular network (TIN), contour, plan, profile cross section, calculating traverse, inverse, area, earthwork and plotting results on 22 x 34 inch (or other requested size) mylar film. Provide Zone 7 with an electronic copy of survey drawings and other information collected and compiled in AutoCAD 2013 (or other agreed upon format) on cd-rom. Zone 7 will provide a sample border and logo, and may also provide CAD Standards to be utilized.

3. Title searches, right-of-way descriptions and plat preparation work.

Zone 7 will contact the Consultant to determine the type and amount of services required for the individual projects. Execution of the Master Agreement and Task Orders shall obligate Zone 7 to compensate the Consultant only for services provided to Zone 7 for that specific Task Order. Compensation for services will be based on Consultant's submitted fee schedule and as agreed by the Master Contract.

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: June 18, 2014 ITEM NO. **5e**

SUBJECT: AUTHORIZATION FOR MISCELLANEOUS EXPENSES FOR BOARD MEETINGS AND STAFF EVENTS

SUMMARY:

- Traditionally, Zone 7 has held regular, special and committee meetings where refreshments are served to the Board members.
- Additionally, the General Manager occasionally holds staff meetings to inform staff of the agency's direction and progress where refreshments may be served, lunch meetings where food may be served or ceremonial, promotional, and volunteer events such as "Take Your Children to Work Day" and hosting of the annual Employee Service Awards Presentation where snacks may be offered.
- In 2009, the Board adopted a resolution authorizing the General Manager to approve payment for ceremonial, promotional and volunteer events up to an aggregate total as budgeted for the fiscal year and approved the use of the Agency's Petty Cash Fund for payment of such expenses in excess of the $50 limit per purchase imposed by the Alameda County Auditor-Controller's Office's Manual of Accounting Policies and Procedures (MAPP) up to a maximum individual expense of $100.
- In February 2010, the Board adopted a resolution authorizing the General Manager to approve payment of expenditures for miscellaneous expenses for such events up to an aggregate total as budgeted for the fiscal year and approved that expenses up to $300 per individual event.
- Since February 2010, the County has eliminated the Agency's Petty Cash Fund and inflation has made the $300 limit more challenging, especially for All-Employee Meetings.
- Staff recommends revising and clarifying the policy, increasing the spending limit for individual meetings to $500 and making the new, clarified policy retroactive to January 1, 2014 (so that outstanding reimbursement requests will be paid).

FINANCIAL:
There is no direct fiscal impact from adopting the proposed amendment as the aggregate is determined through the budget approval process.

RECOMMENDED ACTION:
Adopt attached resolution.

ATTACHMENT:
Resolution

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

APPROVING MISCELLANEOUS EXPENSES FOR BOARD MEETINGS AND STAFF MEETING AND EVENTS

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

WHEREAS, from time to time, the General Manager holds staff meetings to inform staff of the agency's direction and progress, to conduct business, or as part of ceremonial, promotional, or volunteer events; and

WHEREAS, refreshments such as soft drinks, cookies and other food are sometimes served at such meetings.

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

BE IT FURTHER RESOLVED that expenses associated with such individual events or meetings shall not exceed $500 per event or meeting, retroactive to January 1, 2014.

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

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on June 18, 2014.

By: ____________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: June 18, 2014 ITEM NO. **6a**

SUBJECT: April Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in May and selected the Employee of the Month for April 2014 according to the established Program Guidelines. The individual chosen out of the submitted nominations is then recommended to Management for approval and there is a subsequent announcement of the selection to all Agency employees.

Mary Miller, Maintenance Coordinator, has been chosen from among those nominated as the April 2014 Employee of the Month. Mary works in the Maintenance section at the Del Valle Water Treatment Plant.

Mary was nominated for providing excellent customer service to the Agency and, in particular, the Maintenance Department. Mary's job requires her to work well under pressure with a lot of coordination with both Agency personnel and suppliers on a day-to-day basis. Mary has an innate ability to expedite the procurement of materials and services when needed in a hurry. She excels in her position by anticipating needs and ensuring timely replenishment of supplies. Mary's past experience working in the Administrative Services section of the Agency allowed her to bring invaluable skills to her current position as Maintenance Coordinator. For example, Mary was able to quickly understand and initiate purchasing processes which were changed with the transition to the New World system.

Finally, Mary gets her assignments completed in a timely manner and is happy to lend a helping hand to her co-workers with a smile on her face.

The committee seconded the recommendation and recognized Mary 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 Mary Miller as April 2014 Employee of the Month.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Facilities Engineering
CONTACT: Steven Ellis/Rhett Alzona

AGENDA DATE: June 18, 2014 ITEM NO. 7

SUBJECT: Award of Contract for the Patterson Pass Water Treatment Plant Ferric Chloride and Caustic Improvements – Project No. 241-14

SUMMARY:

- The existing Ferric Chloride and Caustic Soda tanks at Patterson Pass Water Treatment Plant (PPWTP), constructed in 1984, share a single secondary containment area.
- Since the two chemicals are incompatible, Alameda County Department of Environmental Health requires separate secondary containment systems.
- The project scope under this contract includes; concrete work to separate and enlarge the containment areas, recoating the entire containment areas, and other improvements such as separating the chemical piping trenches, eye wash/shower relocation, sump pumps, containment area stairway modifications, and electrical and instrumentation signals.
- Per CEQA guidelines, Zone 7 staff prepared a Notice of Exemption for the project and filed it with the Alameda County Clerk and Recorder's Office on March 18, 2014.
- Zone 7 advertised the construction contract and on May 1, 2014, three bids ranging from $294,700 to $368,800, were received. The Engineer's Estimate was $194,000. Bids were reviewed by Zone 7 staff and it was determined that the lowest responsive and responsible bidder is Manito Construction, Inc., with a bid of $294,700.
- The lowest bidder, Manito Construction, Inc., has complied with the bid requirements.

FUNDING:
Funding for the project is available in the approved FY 2013/14 budget for Fund 120 – Renewal and Replacement/System-Wide Improvements.

RECOMMENDED ACTION:
Consider bids for the construction of the PPWTP Ferric Chloride and Caustic Improvements Project No. 241-14 and adopt the attached resolution to: approve plans, specifications, appendices and addenda; accept the bid and award a contract to Manito Construction, Inc., as the lowest responsive and responsible bidder for the bid amount of $294,700; authorize the General Manager to negotiate and execute the contract with Manito Construction, Inc.; and authorize the General Manager to issue change orders as and when needed in an amount not-to-exceed $29,470 (10% of contract amount).

ATTACHMENTS:

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

Interoffice Memo

Date: June 18, 2014
To: Jill Duerig, General Manager
From: Steven Ellis, Associate Engineer
Subject: Award of Contract for PPWTP Ferric Chloride and Caustic Improvements - Project No. 241-14

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

BACKGROUND:

The existing Ferric Chloride and Caustic Soda tanks at the Patterson Pass Water Treatment Plant (PPWTP), constructed in 1984, are sharing the same secondary containment area. Since Ferric Chloride (an acid) and Caustic Soda (a base) are incompatible, Alameda County Department of Environmental Health (ACDEH) requires separate secondary containment systems.

The planning level scope and budget for the project included modification only to the Caustic side of the secondary containment area. During the project design review with ACDEH, staff determined that additional scope such as modifications to the Ferric Chloride side of the containment system, recoating the Ferric Chloride side of secondary containment concrete, installation of additional leak detection instrumentation, relocation of an eye wash/shower, and installation of sump pumps was necessary to satisfy all current hazardous materials storage requirements.

DISCUSSION

The scope under this contract includes constructing a concrete divider wall between the two chemicals, raising the perimeter walls throughout the containment basin to meet 100% volume of the largest vessel including 24 hours of precipitation from a 25-year storm event and recoating the entire containment area. Other improvements included in the scope are separating the chemical piping, eye wash/shower relocation, sump pump installation, containment area stairway and ladders, and electrical and signals upgrades.

The project is categorically exempt from CEQA review pursuant to CEQA Guidelines Section 15301 “Class 1 – Existing Facilities.” A Notice of Exemption for the project was prepared and filed with the Alameda County Clerk and Recorder’s Office on March 18, 2014.

The project was advertised on April 10, 2014 and again on April 17, 2014 in two local newspapers, on Onvia, and on the Zone 7 website. Copies of the plans and specifications were posted at several northern California Builders Exchanges. Subsequent to advertising, three (3) contractors attended the mandatory pre-bid site visit on April 22, 2014. On May 29, 2014, in accordance with established procedures, the following three bids were received:

CONTRACTOR NAME	BID AMOUNT
1. Manito Construction, Inc.	$294,700
2. DW Nicholson Corporation	$362,500
3. Pacific Infrastructure Corporation	$368,800

The Engineer's Estimate for this contract was $194,000. The low bid is approximately $100,000 higher than the estimate. It appears that from the bids submitted, there were differences in scale and more complexity in completing the following item of work than were accounted for in the unit prices utilized by the engineer during the estimate:

1. **Concrete Work –** Although the scope is to add only two feet to the perimeter wall of the containment area and materials costs are relatively low, staff underestimated the tedious nature of this effort. The contractor has to drill dowels into the top of the existing concrete wall and secure the dowels with epoxy so they can connect to the extended wall height. The contractor would then have to install the formwork around the perimeter of the containment basin to pour the concrete for the new wall height. Similarly, the construction of the divider wall to separate the two chemical containment areas is small on scale but labor intensive. The Engineer's estimate used for concrete work was based on much larger projects requiring pouring a lot more concrete but less labor intensive on a per until basis.
2. **Trenching for Chemical piping** – Staff's estimate for trenching to install new secondary containment conduit was based on much larger projects. The trench for this project is only about 100 feet long yet will require the same labor for trenching, pipe laying, compacting and paving as much longer trenching projects. Moreover, there were other extensive labor efforts to core the secondary containment pipes at both ends and set up a leak detection system at the low spot of the secondary containment pipe.
3. **Electrical and Instrumentation** - The electrical work for the new sump pump and leak detection signals was small in scope but also more complex in effort than staff's estimate.
4. **Concrete Coating –** The secondary containment coating work was also more complex. The amount of facilities within the containment area, some of which needs to be removed then reinstalled, makes the work more challenging and labor intensive than estimated.

Based on the review of bids and having received three competitive bids, staff believes that the low bid is fair and reasonable for this scope of work.

The low bidder has complied with the bid requirements and was determined to be responsive to the contract requirements. Staff recommends awarding the contract to the lowest responsive and responsible bidder, Manito Construction, Inc., in an amount not-to-exceed $294,700. Staff also recommends authorizing the General Manager to negotiate and issue change orders as and when needed in an amount not to exceed $29,470 (10% of contract amount).

FUNDING:

The original budget contained in the fiscal year 2013/14 budget was prepared in the spring of 2013 and did not account for the additional scope required by ACDEH. Nor did the budget account for the higher-than-estimated construction cost. Therefore, the final cost will exceed the approved budget for the project. The following table provides budget and expenses details for the project:

	Amount	**Comments**
Approved Project Budget	**$220,000**	
Spent to date	$61,000	Planning and design costs
Projected Expenses		
Construction Contract	$324,170	Bid amount plus 10% contingency
Other Estimated Expenses	$70,000	Construction management, inspection & close out
Total Expenses	**$455,170**	Including approximately $125,000 in in-house labor
Additional Budget required for the project	**$235,170**	

Instead of appropriating additional funds from reserves, staff recommends utilizing funds that are projected to be unspent from projects that have been deferred or completed under budget. These funds are available in the approved budget for FY 2013/14 for Fund 120 – Renewal and Replacement/System-Wide Improvements.

SCHEDULE:

Construction is scheduled to commence in July 2014. Final completion of the project is anticipated by October 2014.

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Award of Contract for the Patterson Pass Water Treatment Plant Ferric Chloride and Caustic Soda Improvements, Project No. 241-14

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District has a project, the Patterson Pass Water Treatment Plant Ferric Chloride and Caustic Improvements – Project No. 241-14; and

WHEREAS, Zone 7 is required by the Alameda County Department of Environmental Health to separate storage of two chemicals, Ferric Chloride and Caustic Soda, which are incompatible and currently sharing the same containment area; and

WHEREAS, a Notice of Exemption per the California Environmental Quality Act (CEQA) guidelines was prepared and filed for the project on March 18, 2014; and

WHEREAS, the Project plans, specifications and addendum were developed and advertised for bids in accordance with the California Public Contract Code; and

WHEREAS, bids were received and publicly read by the Zone 7 General Manager's authorized representatives at the Zone 7 Administration Building, 100 North Canyons Parkway on May 29, 2014, at 2:00 pm; and

WHEREAS, three bids were received and the lowest responsive responsible bid received for Project No. 241-14 is the bid by Manito Construction, Inc., with a bid amount of $294,700.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize Project No. 241-14, for the Patterson Pass Water Treatment Plant Ferric Chloride and Caustic Soda Improvements Project; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the plans, specifications, appendices and addenda for Project No. 241-14; and

BE IT FURTHER RESOLVED that the bid of the lowest responsive and responsible bidder, Manito Construction, Inc., be accepted, and that the contract for the work be awarded to Manito Construction, Inc., for an amount not to exceed $294,700; and

BE IT FURTHER RESOLVED that the General Manager be authorized to negotiate and execute the contract with Manito Construction, Inc., in an amount not-to-exceed $294,700; and

BE IT FURTHER RESOLVED that the General Manager be authorized to negotiate and issue change orders as and when needed for an amount not to exceed $29,470.

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 June 18, 2014.

By: ______________________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Administrative Services
CONTACT PERSON: Tom Hughes

AGENDA DATE: June 18, 2014 ITEM NO. **8**

SUBJECT: **Proposed Budget for Fiscal Year 2014/15**

SUMMARY:

- For fiscal year (FY) 14/15, the total proposed budget for all the operating and capital funds is \$107.1M; this is an \$18.2M decrease, or 14.5% less than the projected end-of-year FY 13/14 "estimated actuals."
- The total budget proposed for the Water Enterprise System funds is \$91M which is a \$9.5M decrease or 9.5% less than the projected end-of-year FY 13/14 estimated actuals.
- The total budget proposed for the Flood Control System funds is \$16.2M; an \$8.7M decrease, or 35% less than the projected end-of-year FY 13/14 estimated actuals.
- The proposed budget was discussed at the Finance Committee meeting on June 2, 2014 and the Board of Directors' meeting on June 4, 2014. A meeting to discuss the proposed budget with retailer staff was held on June 12th.

RECOMMENDED ACTION:

Discuss and adopt the proposed budget for FY 14/15 by approving the attached resolution.

ATTACHMENTS:

1. Memorandum
2. Exhibit A - Summary of Annual Budget by Account Classification (Proposed FY 14/15 Budget)
3. Annual Budget By Account Classification (Proposed FY 14/15 Budget)
4. Resolution

M E M O R A N D U M

DATE: June 18, 2014

TO: Jill Duerig, General Manager

FROM: Tom Hughes, Assistant General Manager, Administrative Services

SUBJECT: **Proposed Budget for Fiscal Year 2014/15**

BACKGROUND:

Zone 7 Water Agency 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.

<u>Issues and Trends</u>

Financial issues facing the Agency include the drought, the slow recovery of the economy, the increasing fiscal impacts from water conservation efforts, the increased State Water Project debt service and the continued increasing allocations to the Asset Management Program (AMP).

The drought brings forth a lot of challenges both from a water supply and from a financial perspective. There will be less revenue due to mandatory water usage reductions and increased spending for drought-related expenses. For example, any water supply that becomes available will be at premium prices. The agency is also using cash on hand to pay for drought emergency capital projects.

New development within the service area has been picking up, providing slight growth in new water rate payers and connection fee revenue. There is also a slight increase in property values that has resulted in stabilization of the 2013 and 2014 tax assessment roll. Alameda County's average unemployment rate has decreased markedly, now registering 5.7 percent as of April 2014, below the 2013 rate of 8.6 percent, exhibiting signs of slow but steady economic stabilization.

The Water Conservation Act of 2009 (SBX7-7) sets an overall goal of reducing per capita urban water use by 20% by the end of 2020. Water demands on a per capital basis continue to decrease while fixed costs remain high.

With the addition of new facilities, and as the water system infrastructure ages with time, the annual funding of the Renewal/Replacement and Systemwide 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 scheduled for 2016.
Board-approved funding transfers increase from $9.5 million in FY 14/15 to $14 million in FY 17/18 and will be made from the Water Enterprise Fund (Fund 100) to the Renewal/Replacement and Systemwide Improvements Fund (Fund 120).

Staffing

The FY 14/15 budget funds 107 full-time equivalent positions. Of the 107 funded positions, there are two (2) vacant, unfilled positions as of June 18, 2014. The number of funded positions does not include any identified in the "soft" hiring freeze that began in FY 09/10. The funding for the soft hiring freeze positions is not in the expense budgets of the Water Enterprise (Fund 100) and General Fund/Flood Control (Fund 200), but, if needed, could be funded from reserves in those funds.

OPERATING BUDGETS:

Zone 7 staff has prepared preliminary FY 14/15 budgets for the three operating funds and the details of these budgets are shown on the next few pages:

Water Enterprise Fund – Fund 100 (formerly Fund 52)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	13/14 Estimated Actual	14/15 Proposed Budget	% Change (14/15 budget to 13/14 est actuals)
Revenue	$ 39,469,514	$ 37,884,745	$ 30,639,237	$ 37,076,060	$ 34,461,062	-7.05%
Expenses	$ 35,262,653	$ 42,779,364	$ 29,901,370	$ 38,049,992	$ 49,680,609	30.57%
Reserves	$ 31,495,970	$ 20,542,627	$ 32,233,837	$ 30,522,038	$ 15,302,491	-49.86%

Reserves

The board-adopted policy sets minimum/maximum reserve levels for this fund as follows:

Reserve	Minimum	Maximum
Operating	32 days of budgeted operating expenses ($3.2M)	90 days of budgeted operating expenses ($9.2M)
Emergency	1% of Water Enterprise capital assets ($2.1)	3% of Water Enterprise capital assets ($6.3M)
Drought Contingency	7% of budgeted water sales revenue ($2.4M)	20% of budgeted water sales revenue ($6.8M)
Rate Stabilization	6% of budgeted water sales revenue ($2.1M)	No max, however the target is $6.8M
TOTALS	***$9,796,593***	***$29,175,760***

The FY 14/15 projected reserves of $15.3M are within the range of target reserve levels outlined in the reserve policy. The respective amounts for each reserve are shown on lines 43-45 in the attached Exhibit A.

The proposed Water Enterprise Fund expenditure budget is $49.7M and reserves are $15.3M. The FY 14/15 expenditures are increasing by $11.6M compared to the FY 13/14 estimated actuals primarily due to a combination of a $4.3M higher transfer to Fund 120 ($3.3M to replenish reserves used for emergency drought projects and $1M for the increased ramp-up amount to fund the AMP), another $3.3M for drought-related O&M expenses such as water, power and chemicals and other increases in professional services, maintenance and miscellaneous services and supplies. The FY 14/15 revenues are decreasing by $2.6M compared to the FY 13/14 estimate due to the estimated 25% loss of water sales in 2014. Reserves are decreasing to $15.2M as a result of loss revenue due to the drought and increased drought-related O&M expenses.

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

Category	*12/13 Audited Actual*	*13/14 Budget*	*13/14 YTD Actual*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 12,040,842	$ 13,798,385	$ 12,781,033	$ 13,505,807	$ 14,060,937	4.11%
Expenses	$ 14,002,380	$ 14,118,181	$ 13,867,629	$ 13,599,773	$ 14,227,251	4.61%
Reserves	$ 8,642,285	$ 8,690,708	$ 7,555,689	$ 8,548,319	$ 8,382,005	-1.95%

Reserves

This fund has one reserve, which is the State Water Facilities Operating Reserve. The board-adopted policy sets minimum/maximum reserve levels for this fund as follows:

Reserve	Minimum	Maximum
Operating	50% of budgeted operating expenses ($7.1M)	100% of budgeted operating expenses ($14.2M)
Total	***$7,113,626***	***$14,227,251***

The FY 14/15 projected reserve of $8.4M meets the minimum reserve level outlined in the reserve policy.

The proposed State Water Facilities expenditure budget is $14.2M and reserves are $8.4M. This is a pass-through fund for fixed charges associated with the State Water Project. The FY 14/15 expenditures are increasing $0.6M over the FY13/14 estimated actuals, based on the Department of Water Resources' (DWR) statement of charges (SOC) and estimates for 2015. The FY 14/15 proposed revenues are increasing $0.55M over FY 13/14 in order to meet the revenue requirements. Reserves are decreasing by $0.17M due to the use of the fund balance.

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

Category	*12/13 Audited Actual*	*13/14 Budget*	*13/14 YTD Actual*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est*
Revenue	$ 6,151,496	$ 6,200,347	$ 6,060,419	$ 6,254,848	$ 6,505,936	4.01%
Expenses	$ 5,355,914	$ 25,948,108	$ 14,299,412	$ 20,306,996	$ 10,416,092	-48.71%
Reserves	$ 24,354,979	$ 7,566,062	$ 16,115,986	$ 10,302,831	$ 6,392,675	-37.95%

Reserves

This fund has three reserves – the Flood Control Operating Reserve, Flood Control Capital Reserve and the Building Sinking Fund.

There is no minimum or maximum for the Building Sinking Fund and the Flood Control Capital Reserve. The FY 14/15 Building Sinking Fund contribution is planned at $0.1M, resulting in a total Building Sinking Fund Reserve of $0.85M.

The board-adopted policy sets minimum/maximum reserve levels for the Operating Reserve as follows:

Reserve	Minimum	Maximum
Operating	20% of budgeted operating expenses ($2.1M)	50% of budgeted operating expenses ($5.2M)
Capital	No minimum	No maximum
Total	***$2,083,218***	***$5,208,046***

The FY 14/15 projected reserve of $6.4M meets the minimum reserve level outlined in the reserve policy.

The proposed General Fund/Flood Control expenditure budget is $10.4M and reserves are $6.4M. The FY 14/15 expenditures are decreasing $9.9M compared to the FY13/14 estimated actuals due to a one-time capital expenditure in FY 13/14 for watershed investments. The FY 14/15 proposed revenues are increasing slightly over FY 13/14 estimated actuals due to increased property tax revenue. Reserves are decreasing by $3.9M due to the use of the fund balance.

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 Capital Improvement Program (CIP) is usually completed every two years with the last CIP being adopted in 2011. However, the drought makes it difficult to plan for water demands and associated project needs. Therefore, staff is planning to complete the CIP update next year when more is known about our water supply. Amended project priorities in the adopted 2011 CIP were discussed with the Water Resources Committee on May 29, 2014 and the full Board on June 4, 2014. The resulting proposed capital budgets are included in the proposed FY 14/15 budget.

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

Category	*12/13 Audited Actual*	*13/14 Budget*	*13/14 YTD Actual*	*13/14 Estimated Actual*	*14/15 Proposed Budget*	*% Change (14/15 budget to 13/14 est actuals)*
Revenue	$ 7,347,879	$ 8,831,962	$ 6,812,705	$ 8,883,400	$ 13,129,324	47.80%
Expenses	$ 4,100,242	$ 25,904,419	$ 12,014,602	$ 22,400,015	$ 7,578,891	-66.17%
Reserves	$ 24,980,749	$ 10,977,982	$ 19,778,851	$ 11,464,134	$ 17,014,567	48.42%

Reserves

This fund has two reserves - the Capital Project Reserve and a Building Sinking Fund. The board-adopted policy sets minimum/maximum reserve levels for this fund as follows:

Reserve	Minimum	Maximum
Capital	100% of the estimated capital budget for the fiscal year succeeding the then-current budgeted fiscal year, plus 50% of the capital budget for the two years subsequent to the then-current budgeted fiscal year (i.e. fiscal years FY 15/16 and FY 16/17) or $9.8M.	No maximum
Total	***$9,850,000***	***N/A***

The reserve minimum is met if the FY 15/16 and FY 16/17 budgets are $7M and $8M, respectively. The Building Sinking Fund does not have minimum or maximum. The FY 14/15 contribution is planned at $0.4M, resulting in a Building Sinking Fund reserve of $3.9M

The proposed Water System Renewal/Replacement & System-wide Improvements expenditure budget is $7.6M and reserves are $17M. The FY 14/15 expenditures are decreasing by $14.8M compared to the FY 13/14 estimated actuals due to large one-time projects expenses in FY 13/14, and project deferrals in FY 14/15. The FY 14/15 revenue budget is $13.1M, increasing by $4.2M compared to FY 13/14 due to an increased transfer from Fund 100 for AMP plus an additional $3.3M to replenish reserves used for emergency drought projects. Reserves are increasing by $5.5M due to the increased transfer and project deferrals.

Water System Expansion – Fund 130 (formerly Fund 73)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	13/14 Estimated Actual	14/15 Proposed Budget	% Change (14/15 budget to 13/14 est actuals)
Revenue	$ 29,176,830	$ 20,948,165	$ 21,103,473	$ 21,056,789	$ 22,042,020	4.68%
Expenses	$ 18,814,437	$ 57,289,099	$ 20,483,331	$ 26,430,851	$ 19,485,138	-26.28%
Reserves	$ 31,644,568	$ 21,312,926	$ 32,264,711	$ 26,270,506	$ 28,827,388	9.73%

Reserves

This fund has four reserves - the Capital Project Reserve, Building Sinking Fund, South Bay Aqueduct (SBA) Sinking Fund and the Future Contractor's Share of the SBA Sinking Fund.

The board-adopted policy sets minimum/maximum reserve levels for this fund as follows:

Reserve	Minimum	Maximum
Capital	60% of estimated annual non-discretionary expenses ($10.3M)	No maximum
Total	***$10,350,000***	***N/A***

The Building Sinking Fund, South Bay Aqueduct (SBA) Sinking Fund and the Future Contractor's Share of the SBA Sinking Fund do not have minimums or maximums. The FY 14/15 contribution are planned at $1.1M, $1M and $0.53M, respectively, resulting in total sinking fund reserves of $11M. For more details on the sinking funds see lines 48-52 in the attached Exhibit A.

The FY 14/15 projected reserve of $28.8M meets the minimum reserve level outlined in the reserve policy.

The Proposed Water System Expansion Fund expenditure budget is $19.5M and reserves are $28.8M. The FY 14/15 expenditures are decreasing by $6.9M compared to the FY 13/14 estimated actuals mainly due to one-time projects in FY 13/14 and the deferral of capital projects in FY 14/15. The proposed FY 14/15 revenue budget is $22M, increasing by $1M compared to FY 13/14 primarily due to a slight increase in projected connection fee revenue. Reserves are increasing by $2.6M due to project deferrals.

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

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	13/14 Estimated Actual	14/15 Proposed Budget	% Change (14/15 budget to 13/14 est actuals)
Revenue	$ 5,180,104	$ 2,632,000	$ 2,575,946	$ 2,576,038	$ 2,646,500	2.74%
Expenses	$ 1,227,729	$ 7,440,315	$ 3,609,639	$ 4,562,856	$ 5,755,275	26.13%
Reserves	$ 40,648,531	$ 33,765,741	$ 39,614,839	$ 38,661,713	$ 35,552,938	-8.04%

Reserves

This fund has two reserves - the Capital Project Reserve and a Building Sinking Fund. There are no minimum and maximums for either reserve. The FY 14/15 Building Sinking Fund contribution is planned at $0.1M, resulting in a sinking fund reserve of $0.82M.

The Proposed Flood Protection and Stormwater Drainage Budget expenditure budget is $5.7M and reserves are $35.5M. The FY 14/15 expenditures are increasing $1.2M over the FY13/14 estimated actuals due to planned capital project activities. The proposed FY 14/15 revenues are increasing by $0.07M due to a slight increase in development impact fee revenue. Reserves are decreasing by $3.1M due to increased capital project activities.

SUMMARY OF TOTAL ZONE 7 BUDGET:

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	13/14 Estimated Actual	14/15 Proposed Budget	% Change (14/15 budget to 13/14 est actuals)
Revenue	$ 99,366,666	$ 90,295,604	$ 79,972,814	$ 89,352,942	$ 92,845,779	3.91%
Expenses	$ 78,763,354	$ 173,479,486	$ 94,175,982	$ 125,350,483	$ 107,143,256	-14.53%
Reserves	$ 161,767,081	$ 102,856,046	$ 147,563,913	$ 125,769,540	$ 111,472,064	-11.37%

Exhibit A-Summary of Annual Budget by Account Classification - FY 14/15 Proposed Budget

	FY 14/15 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
1	Available Fund Balance July 1, 2013	$ 31,495,970	$ 8,642,285	$ 24,980,749	$ 31,644,568
2	FY 13/14 Projected Change in Fund Balance (Revenue over Expenses)	(973,932)	(93,966)	(13,516,615)	(5,374,062)
3	FY 13/14 Budgeted Change in Fund Balance (Revenue over Expenses)[1]	(3,938,729)	(319,796)	(6,088,415)	(31,579,850)
4	Estimated Beginning Fund Balance July 1, 2014	30,522,038	8,548,319	11,464,134	26,270,506
5	**Revenue**				
6	Water Sales & Service	34,246,611	1,311,950		
7	Property Taxes		11,350,000		
8	Development Fees			250,000	19,020,120
9	Charges for Services			2,500	
10	Aid from Governmental Agencies - State	-	45,000		
11	Aid from Governmental Agencies - Local		610		
12	Investment Earnings	75,000	15,000	52,900	81,100
13	Rents and Royalties	65,263			
14	Other Revenue	74,188	1,338,377		2,940,800
15	*Subtotal (before transfers)*	*34,461,062*	*14,060,937*	*305,400*	*22,042,020*
16	Transfers			12,823,924	
17	**Total Revenue**	**34,461,062**	**14,060,937**	**13,129,324**	**22,042,020**
18	**Expenses**				
19	Labor and Benefits Distributed	$14,916,773		914,729	364,866
20	Credits/Charges for Applied Overhead	($1,957,755)		249,233	242,591
21	Purchased Services	$4,356,103		1,375,033	1,296,400
22	Water	$8,883,578	14,227,251		16,744,211
23	Chemicals	$2,250,973			
24	Energy	$1,922,616			
25	Communications	$174,097			
26	Cleaning Services	$50,931			
27	Repairs and Maintenance	$2,705,999			
28	Rental Services	$792,900		549,198	426,376
29	General Office Services/ Supplies	$586,247		150,000	
30	Organizational Membership/ Participation	$467,783			694
31	Other Services/ Supplies	$827,130			
32	Training and Travel	$402,045			
33	Special Departmental Expense/Capital Projects	$615,781		895,698	410,000
34	Capital Projects				
35	Equipment, Furniture and Vehicles	$27,700		120,000	
36	Land and Facility Improvements			3,325,000	
37	Debt Service				
38	*Subtotal (before transfers)*	*$36,856,685*	*14,227,251*	*7,578,891*	*19,485,138*
39	Transfers	12,823,924			
40	**Total Expenses**	**49,680,609**	**14,227,251**	**7,578,891**	**19,485,138**
41	Estimated Ending Fund Balance June 30, 2015	15,302,491	8,382,005	17,014,567	28,827,388
42	**Reserve Balances**				
43	Operating	8,067,130	8,382,005		
44	Rate Stabilization	2,881,421			
45	Emergency	4,353,940			
46	Drought Contingency	-			
47	Capital Projects			13,129,937	17,483,064
48	Sinking Funds - FY 14/15 Contributions				
49	*Building Sinking Fund*			*407,519*	*520,200*
50	*Future Contractor's Share of the South Bay Aqueduct*				*527,062*
51	*South Bay Aqueduct Enlargement*				*1,073,680*
52	Sinking Funds Reserve Balance			3,884,630	11,344,324
53	**Total Reserves (lines 43+44+45+46+47+52)**	$ 15,302,491	$ 8,382,005	$ 17,014,567	$ 28,827,388
54	Change in Fund Balance[2] (use of reserves) - line 53 minus line 4	(15,219,547)	(166,314)	5,550,433	2,556,882

Notes

[1]Shown for comparative purposes only.

[2]In order to achieve a balanced budget, use of reserve as shown in line 54 will appropriated as revenue in the financial/accounting system.

Exhibit A-Summary of Annual Budget by Account Classification - FY 14/15 Proposed Budget

	FY 14/15 PROPOSED BUDGET	Fund 200 Flood Protection/General Fund	Fund 210 Flood Protection Development Impact Fees	Total
1	Available Fund Balance July 1, 2013	$ 24,354,979	$ 40,648,531	$ 161,767,081
2	FY 13/14 Projected Change in Fund Balance (Revenue over Expenses)	(14,052,148)	(1,986,818)	(35,997,541)
3	FY 13/14 Budgeted Change in Fund Balance (Revenue over Expenses)[1]	(9,692,845)	(1,516,808)	(53,136,444)
4	Estimated Beginning Fund Balance July 1, 2014	10,302,831	38,661,713	125,769,540
5	**Revenue**			
6	Water Sales & Service			35,558,561
7	Property Taxes	6,307,731		17,657,731
8	Development Fees		2,530,000	21,800,120
9	Charges for Services	13,000		15,500
10	Aid from Governmental Agencies - State	54,000		99,000
11	Aid from Governmental Agencies - Local	10,700		11,310
12	Investment Earnings	25,000	91,500	340,500
13	Rents and Royalties	60,505		125,768
14	Other Revenue	35,000	25,000	4,413,365
15	*Subtotal (before transfers)*	*6,505,936*	*2,646,500*	*80,021,855*
16	Transfers			12,823,924
17	**Total Revenue**	**6,505,936**	**2,646,500**	**92,845,779**
18	**Expenses**			
19	Labor and Benefits Distributed	1,349,640	369,155	17,915,163
20	Credits/Charges for Applied Overhead	1,179,356	286,575	0
21	Purchased Services	5,051,000	4,727,723	16,806,259
22	Water			39,855,040
23	Chemicals			2,250,973
24	Energy			1,922,616
25	Communications	3,000		177,097
26	Cleaning Services	10,000		60,931
27	Repairs and Maintenance	2,355,491		5,061,490
28	Rental Services	159,322	121,822	2,049,618
29	General Office Services/ Supplies	19,550		755,797
30	Organizational Membership/ Participation	158,000		626,477
31	Other Services/ Supplies	86,000		913,130
32	Training and Travel	31,400		433,445
33	Special Departmental Expense/Capital Projects	13,333	250,000	2,184,812
34	Capital Projects	-		-
35	Equipment, Furniture and Vehicles			147,700
36	Land and Facility Improvements		-	3,325,000
37	Debt Service			-
38	*Subtotal (before transfers)*	*10,416,092*	*5,755,275*	*94,319,332*
39	Transfers			12,823,924
40	**Total Expenses**	**10,416,092**	**5,755,275**	**107,143,256**
41	Estimated Ending Fund Balance June 30, 2015	6,392,675	35,552,938	111,472,064
42	**Reserve Balances**			-
43	Operating	5,208,046		21,657,181
44	Rate Stabilization			2,881,421
45	Emergency			4,353,940
46	Drought Contingency			-
47	Capital Projects	338,243	34,727,086	65,678,330
48	Sinking Funds - FY 14/15 Contributions			-
49	*Building Sinking Fund*	*90,560*	*90,560*	*1,108,838*
50	*Future Contractor's Share of the South Bay Aqueduct*			*527,062*
51	*South Bay Aqueduct Enlargement*			*1,073,680*
52	Sinking Funds Reserve Balance	846,386	825,852	16,901,192
53	**Total Reserves (lines 43+44+45+46+47+52)**	$ 6,392,675	$ 35,552,938	$ 111,472,064
54	Change in Fund Balance[2] (use of reserves) - line 53 minus line 4	(3,910,156)	(3,108,775)	(14,297,476)

Notes

[1]Shown for comparative purposes only.

[2]In order to achieve a balanced budget, use of reserve as shown in line 54 will appropriated as revenue in the financial/accounting system.

Annual Budget by Account Classification Report

Summary

	FY 14/15 Proposed Budget	FY 13/14 Amended Budget	Diff from FY13/14 Budget to FY14/15 Budget	FY 13/14 YTD Actual Amount	FY 13/14 Estimated Amount
FUND: 100 Water Enterprise Operations					
Revenue					
411 - Water Sales & Service	$34,246,611.00	$37,664,745.00	($3,418,134.00)	$29,862,352.84	$36,257,093.00
441 - Charges for Services	$0.00	$0.00	$0.00	$2,442.85	$1,000.00
452 - Aid from Governmental Agencies - State	$0.00	$700.00	($700.00)	$300,198.73	$300,199.00
461 - Investment Earnings	$75,000.00	$95,000.00	($20,000.00)	$51,967.24	$75,622.00
462 - Rents and Royalties	$65,263.00	$31,000.00	$34,263.00	$63,691.20	$63,268.00
464 - Fines and Penalties (64)	$0.00	$0.00	$0.00	$209.42	$210.00
481 - Other Revenue	$74,188.00	$93,300.00	($19,112.00)	$358,375.07	$378,668.00
499 - Transfers	$0.00	$3,938,729.00	($3,938,729.00)	$0.00	$0.00
Revenue Totals	$34,461,062.00	$41,823,474.00	($7,362,412.00)	$30,639,237.35	$37,076,060.00
Expenditures					
511 - Personal Services - Salaries and Wages	$13,859,924.00	$13,325,249.00	$534,675.00	$9,324,624.24	$10,677,877.00
512 - Personal Services - Overtime	$215,074.00	$206,778.00	$8,296.00	$135,623.34	$160,934.00
513 - Personal Services - Benefits	$7,120,240.00	$6,388,757.00	$731,483.00	$5,047,330.25	$5,737,139.00
600 - Labor & Overhead Distributed	($8,402,436.00)	($7,763,870.00)	($638,566.00)	($3,545,167.69)	($3,668,532.00)
611 - Purchased Services	$4,356,103.00	$4,463,032.00	($106,929.00)	$2,192,924.08	$2,747,093.00
621 - Water	$8,883,578.00	$6,976,912.00	$1,906,666.00	$4,421,656.41	$6,233,010.00
631 - Chemicals	$2,250,973.00	$2,841,522.00	($590,549.00)	$1,577,339.23	$2,490,960.00
641 - Utilities	$1,922,616.00	$1,829,570.00	$93,046.00	$1,614,778.65	$1,786,454.00
643 - Communications	$174,097.00	$175,014.00	($917.00)	$127,991.43	$127,900.00
651 - Cleaning Services	$50,931.00	$48,835.00	$2,096.00	$39,553.22	$38,610.00
652 - Repairs and Maintenance	$2,705,999.00	$2,539,870.00	$166,129.00	$1,247,329.70	$1,575,431.00
653 - Rental Services	$792,900.00	$108,650.00	$684,250.00	$75,712.32	$100,214.00
661 - General Office Services/ Supplies	$586,247.00	$617,065.00	($30,818.00)	$290,810.94	$321,141.00
662 - Organizational Membership/ Participation	$467,783.00	$520,283.00	($52,500.00)	$342,410.38	$482,731.00
665 - Other Services/ Supplies	$827,130.00	$780,206.00	$46,924.00	$226,374.26	$246,672.00
667 - Training and Travel	$402,045.00	$394,220.00	$7,825.00	$110,971.28	$119,814.00
669 - Special Departmental Expense	$615,781.00	$794,772.00	($178,991.00)	$289,904.57	$359,284.00
671 - Equipment, Furniture and Vehicles	$27,700.00	$32,499.00	($4,799.00)	$6,203.11	$13,260.00
675 - Debt Service	$0.00	$0.00	$0.00	$0.00	$0.00
691 - Transfers	$12,823,924.00	$8,500,000.00	$4,323,924.00	$6,375,000.00	$8,500,000.00
Revenue Totals:	$34,461,062.00	$41,823,474.00	($7,362,412.00)	$30,639,237.35	$37,076,060.00
Expenditure Totals	$49,680,609.00	$42,779,364.00	$6,901,245.00	$29,901,369.72	$38,049,992.00
FUND Total: Water Enterprise Operations	($15,219,547.00)	($955,890.00)	($14,263,657.00)	$737,867.63	($973,932.00)

Annual Budget by Account Classification Report

Summary

	FY 14/15 Proposed Budget	FY 13/14 Amended Budget	Diff from FY13/14 Budget to FY14/15 Budget	FY 13/14 YTD Actual Amount	FY 13/14 Estimated Amount
FUND: 110 State Water Facilities					
Revenue					
411 - Water Sales & Service	$1,311,950.00	$1,299,710.00	$12,240.00	$1,252,533.41	$1,252,533.00
421 - Property Taxes	$11,350,000.00	$11,247,000.00	$103,000.00	$10,034,216.70	$10,750,270.00
452 - Aid from Governmental Agencies - State	$45,000.00	$45,000.00	$0.00	$38,396.38	$45,000.00
453 - Aid from Governmental Agencies - Local	$610.00	$611.00	($1.00)	$1,236.95	$1,237.00
461 - Investment Earnings	$15,000.00	$16,522.00	($1,522.00)	$16,180.35	$14,148.00
464 - Fines and Penalties (64)	$0.00	$0.00	$0.00	$4.65	$5.00
481 - Other Revenue	$1,338,377.00	$1,189,542.00	$148,835.00	$1,438,464.80	$1,442,614.00
499 - Transfers	$0.00	$319,796.00	($319,796.00)	$0.00	$0.00
Revenue Totals	$14,060,937.00	$14,118,181.00	($57,244.00)	$12,781,033.24	$13,505,807.00
Expenditures					
621 - Water	$14,227,251.00	$14,118,181.00	$109,070.00	$13,867,629.04	$13,599,773.00
669 - Special Departmental Expense	$0.00	$0.00	$0.00	$0.00	$0.00
Revenue Totals:	$14,060,937.00	$14,118,181.00	($57,244.00)	$12,781,033.24	$13,505,807.00
Expenditure Totals	$14,227,251.00	$14,118,181.00	$109,070.00	$13,867,629.04	$13,599,773.00
FUND Total: State Water Facilities	($166,314.00)	$0.00	($166,314.00)	($1,086,595.80)	($93,966.00)
FUND: 120 Water Enterprise Capital IR&R					
Revenue					
431 - Development Fees	$250,000.00	$250,000.00	$0.00	$402,268.21	$310,900.00
441 - Charges for Services	$2,500.00	$7,500.00	($5,000.00)	$495.00	$7,500.00
461 - Investment Earnings	$52,900.00	$74,462.00	($21,562.00)	$34,941.47	$65,000.00
481 - Other Revenue	$0.00	$0.00	$0.00	$0.00	$0.00
499 - Transfers	$12,823,924.00	$14,588,415.00	($1,764,491.00)	$6,375,000.00	$8,500,000.00
Revenue Totals	$13,129,324.00	$14,920,377.00	($1,791,053.00)	$6,812,704.68	$8,883,400.00
Expenditures					
600 - Labor & Overhead Distributed	$1,163,962.00	$0.00	$1,163,962.00	$1,212,890.57	$2,470,925.00
611 - Purchased Services	$1,375,033.00	$192,728.00	$1,182,305.00	$767,250.06	$905,825.00
643 - Communications	$0.00	$0.00	$0.00	$89.58	$0.00
652 - Repairs and Maintenance	$0.00	$0.00	$0.00	$7,279.20	$0.00
653 - Rental Services	$549,198.00	$0.00	$549,198.00	$494,314.11	$537,737.00
661 - General Office Services/ Supplies	$150,000.00	$0.00	$150,000.00	$6,043.44	$556,000.00
665 - Other Services/ Supplies	$0.00	$0.00	$0.00	$18,282.43	$0.00
667 - Training and Travel	$0.00	$0.00	$0.00	$34.54	$0.00
669 - Special Departmental Expense	$895,698.00	$20,491,758.00	($19,596,060.00)	$0.00	$831,543.00
671 - Equipment, Furniture and Vehicles	$120,000.00	$76,281.00	$43,719.00	$243,671.91	$221,403.00
672 - Land and Facility Improvements	$3,325,000.00	$5,143,652.00	($1,818,652.00)	$9,264,746.25	$16,876,582.00
Revenue Totals:	$13,129,324.00	$14,920,377.00	($1,791,053.00)	$6,812,704.68	$8,883,400.00
Expenditure Totals	$7,578,891.00	$25,904,419.00	($18,325,528.00)	$12,014,602.09	$22,400,015.00
FUND Total: Water Enterprise Capital IR&R	$5,550,433.00	($10,984,042.00)	$16,534,475.00	($5,201,897.41)	($13,516,615.00)

Annual Budget by Account Classification Report

Summary

	FY 14/15 Proposed Budget	FY 13/14 Amended Budget	Diff from FY13/14 Budget to FY14/15 Budget	FY 13/14 YTD Actual Amount	FY 13/14 Estimated Amount
FUND: 130 Water Enterprise Cap Expansion					
Revenue					
431 - Development Fees	$19,020,120.00	$18,400,000.00	$620,120.00	$18,490,211.30	$18,400,000.00
441 - Charges for Services	$0.00	$0.00	$0.00	$0.00	$0.00
461 - Investment Earnings	$81,100.00	$166,565.00	($85,465.00)	$89,566.54	$133,094.00
481 - Other Revenue	$2,940,800.00	$2,381,600.00	$559,200.00	$2,523,695.20	$2,523,695.00
499 - Transfers	$0.00	$31,579,850.00	($31,579,850.00)	$0.00	$0.00
Revenue Totals	$22,042,020.00	$52,528,015.00	($30,485,995.00)	$21,103,473.04	$21,056,789.00
Expenditures					
600 - Labor & Overhead Distributed	$607,457.00	$0.00	$607,457.00	$347,472.00	$808,020.00
611 - Purchased Services	$1,296,400.00	$202,751.00	$1,093,649.00	$801,032.88	$1,339,348.00
621 - Water	$16,744,211.00	$18,654,187.00	($1,909,976.00)	$17,762,967.50	$18,702,933.00
643 - Communications	$0.00	$0.00	$0.00	$60.01	$0.00
653 - Rental Services	$426,376.00	$0.00	$426,376.00	$383,218.18	$418,240.00
661 - General Office Services/ Supplies	$0.00	$0.00	$0.00	$45.22	$0.00
662 - Organizational Membership/ Participation	$694.00	$0.00	$694.00	$18,335.40	$16,800.00
665 - Other Services/ Supplies	$0.00	$0.00	$0.00	$324.40	$0.00
667 - Training and Travel	$0.00	$0.00	$0.00	$14.80	$0.00
669 - Special Departmental Expense	$410,000.00	$7,194,197.00	($6,784,197.00)	$28,738.31	$342,675.00
671 - Equipment, Furniture and Vehicles	$0.00	$6,377.00	($6,377.00)	$14,538.19	$0.00
672 - Land and Facility Improvements	$0.00	$478,106.00	($478,106.00)	$1,062,750.40	$4,739,001.00
675 - Debt Service	$0.00	$30,753,481.00	($30,753,481.00)	$63,833.47	$63,834.00
Revenue Totals:	$22,042,020.00	$52,528,015.00	($30,485,995.00)	$21,103,473.04	$21,056,789.00
Expenditure Totals	$19,485,138.00	$57,289,099.00	($37,803,961.00)	$20,483,330.76	$26,430,851.00
FUND Total: Water Enterprise Cap Expansion	$2,556,882.00	($4,761,084.00)	$7,317,966.00	$620,142.28	($5,374,062.00)

Annual Budget by Account Classification Report

Summary

	FY 14/15 Proposed Budget	FY 13/14 Amended Budget	Diff from FY13/14 Budget to FY14/15 Budget	FY 13/14 YTD Actual Amount	FY 13/14 Estimated Amount
FUND: 200 Flood Protection Operations					
Revenue					
421 - Property Taxes	$6,307,731.00	$5,979,557.00	$328,174.00	$5,727,347.74	$5,889,175.00
441 - Charges for Services	$13,000.00	$3,000.00	$10,000.00	$52,721.19	$17,319.00
452 - Aid from Governmental Agencies - State	$54,000.00	$54,000.00	$0.00	$25,921.45	$25,922.00
453 - Aid from Governmental Agencies - Local	$10,700.00	$690.00	$10,010.00	$6,820.01	$6,820.00
461 - Investment Earnings	$25,000.00	$110,600.00	($85,600.00)	$28,244.15	$42,583.00
462 - Rents and Royalties	$60,505.00	$17,500.00	$43,005.00	$55,873.52	$55,874.00
464 - Fines and Penalties (64)	$0.00	$0.00	$0.00	$4.03	$5.00
481 - Other Revenue	$35,000.00	$35,000.00	$0.00	$146,336.87	$200,000.00
491 - Other Financing Sources	$0.00	$0.00	$0.00	$17,150.00	$17,150.00
499 - Transfers	$0.00	$16,030,018.00	($16,030,018.00)	$0.00	$0.00
Revenue Totals	$6,505,936.00	$22,230,365.00	($15,724,429.00)	$6,060,418.96	$6,254,848.00
Expenditures					
600 - Labor & Overhead Distributed	$2,528,996.00	$2,100,065.00	$428,931.00	$1,714,909.87	$2,242,418.00
611 - Purchased Services	$5,051,000.00	$2,720,461.00	$2,330,539.00	$490,766.71	$1,431,906.00
643 - Communications	$3,000.00	$2,239.00	$761.00	$1,094.66	$1,200.00
651 - Cleaning Services	$10,000.00	$10,000.00	$0.00	$5,450.23	$6,000.00
652 - Repairs and Maintenance	$2,355,491.00	$5,291,743.00	($2,936,252.00)	$1,068,095.87	$1,636,376.00
653 - Rental Services	$159,322.00	$145,500.00	$13,822.00	$125,921.62	$143,660.00
661 - General Office Services/ Supplies	$19,550.00	$19,550.00	$0.00	$7,244.29	$14,400.00
662 - Organizational Membership/ Participation	$158,000.00	$141,084.00	$16,916.00	$13,962.50	$57,500.00
665 - Other Services/ Supplies	$86,000.00	$28,400.00	$57,600.00	$10,229.03	$15,350.00
667 - Training and Travel	$31,400.00	$30,900.00	$500.00	$2,355.80	$7,800.00
669 - Special Departmental Expense	$13,333.00	$13,333.00	$0.00	$9,999.99	$13,333.00
671 - Equipment, Furniture and Vehicles	$0.00	$0.00	$0.00	$0.00	$0.00
672 - Land and Facility Improvements	$0.00	$15,444,833.00	($15,444,833.00)	$10,849,380.96	$14,737,053.00
Revenue Totals:	$6,505,936.00	$22,230,365.00	($15,724,429.00)	$6,060,418.96	$6,254,848.00
Expenditure Totals	$10,416,092.00	$25,948,108.00	($15,532,016.00)	$14,299,411.53	$20,306,996.00
FUND Total: Flood Protection Operations	($3,910,156.00)	($3,717,743.00)	($192,413.00)	($8,238,992.57)	($14,052,148.00)
FUND: 210 Flood Protection/Drainage DIF					

Annual Budget by Account Classification Report

Summary

	FY 14/15 Proposed Budget	FY 13/14 Amended Budget	Diff from FY13/14 Budget to FY14/15 Budget	FY 13/14 YTD Actual Amount	FY 13/14 Estimated Amount
Revenue					
431 - Development Fees	$2,530,000.00	$2,500,000.00	$30,000.00	$2,485,768.73	$2,457,038.00
441 - Charges for Services	$0.00	$0.00	$0.00	$0.00	$0.00
452 - Aid from Governmental Agencies - State	$0.00	$0.00	$0.00	$0.00	$0.00
461 - Investment Earnings	$91,500.00	$132,000.00	($40,500.00)	$61,617.66	$90,000.00
481 - Other Revenue	$25,000.00	$0.00	$25,000.00	$28,560.00	$29,000.00
499 - Transfers	$0.00	$3,330,539.00	($3,330,539.00)	$0.00	$0.00
Revenue Totals	$2,646,500.00	$5,962,539.00	($3,316,039.00)	$2,575,946.39	$2,576,038.00
Expenditures					
600 - Labor & Overhead Distributed	$655,730.00	$0.00	$655,730.00	$276,096.70	$725,935.00
611 - Purchased Services	$4,727,723.00	$184,493.00	$4,543,230.00	$104,205.76	$536,092.00
643 - Communications	$0.00	$0.00	$0.00	$7.39	$0.00
653 - Rental Services	$121,822.00	$0.00	$121,822.00	$109,490.87	$119,497.00
661 - General Office Services/ Supplies	$0.00	$0.00	$0.00	$0.00	$0.00
662 - Organizational Membership/ Participation	$0.00	$0.00	$0.00	$0.00	$0.00
665 - Other Services/ Supplies	$0.00	$0.00	$0.00	$722.75	$0.00
667 - Training and Travel	$0.00	$0.00	$0.00	$0.00	$0.00
669 - Special Departmental Expense	$250,000.00	$3,554,816.00	($3,304,816.00)	$0.00	$0.00
672 - Land and Facility Improvements	$0.00	$3,701,006.00	($3,701,006.00)	$3,119,115.27	$3,181,332.00
Revenue Totals:	$2,646,500.00	$5,962,539.00	($3,316,039.00)	$2,575,946.39	$2,576,038.00
Expenditure Totals	$5,755,275.00	$7,440,315.00	($1,685,040.00)	$3,609,638.74	$4,562,856.00
FUND Total: Flood Protection/Drainage DIF	($3,108,775.00)	($1,477,776.00)	($1,630,999.00)	($1,033,692.35)	($1,986,818.00)
Revenue Grand Totals:	$92,845,779.00	$151,582,951.00	($58,737,172.00)	$79,972,813.66	$89,352,942.00
Expenditure Grand Totals:	$107,143,256.00	$173,479,486.00	($66,336,230.00)	$94,175,981.88	$125,350,483.00
Net Grand Totals:	($14,297,477.00)	($21,896,535.00)	$7,599,058.00	($14,203,168.22)	($35,997,541.00)

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 2014/15 (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 2014/15 a property tax within the District sufficient to raise the sum of $11,200,000 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 2014/15 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 June 18, 2014.

By: ______________________________

President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Administration
CONTACT: Jill Duerig

AGENDA DATE: June 18, 2014 ITEM NO. **9**

SUBJECT: Retreat Agenda Discussion

SUMMARY:

- At the May 21st Regular Board meeting, President Stevens requested an agenda item to discuss possible subject matter for the summer board workshop/retreat.
- In the past, retreat topics have included strategic planning updates, organizational culture and similar items. Last year, the board deferred discussions of watershed management planning until Summer 2014 so that the land transfer of Patterson Ranch could be completed.
- In addition, this year there have been numerous comments about the role of committees in the organization and whether standing committees should meet more frequently. Item 3.5 of the Strategic Plan is to reevaluate the functions of the Board and committee structures. For instance, Director Figuers has commented that:
  - The finance committee is one of the original committees created by the Board when Zone 7 was founded in 1958. The committee has historically had two duties: a) review the annual budget and forward the budget to the Board with a committee recommendation, and b) review the annual audit of the books and forward that information to the Board with a committee recommendation. Other financial information (financial effects of drought and other occurrences, auditing details, etc.) is commonly presented to the board by staff without going through the finance committee. This has a historical basis. Many of the financial details that would be handled by the Zone (and the committee) are done by Alameda County (retirement, investments, claims, personnel, etc.) coupled with "this is the way it has always been done." This does not mean that board members are not informed about financial details. It means that financial information is presented to the Board via several methods.
  - The Zone has significantly enlarged over the past 20-30 years, along with budget and financial complexity. Should the finance committee expand its activities and scope of work, or is the status quo acceptable to the committee and the Board?
  - Options include:
    - The finance committee becomes more active at an earlier stage, becoming the venue through which most financial information is first reviewed prior to presentation to the board.
    - Maintain its current functions, but have the finance committee involve itself more with the financial details of the zone.
    - Remain the same.
- Discuss other possible topics for this year's retreat and confirm venue selection.

RECOMMENDED ACTION: Discuss and provide direction.

SUMMARY NOTES OF THE FINANCE COMMITTEE
ZONE 7 BOARD OF DIRECTORS

June 2, 2014
4:00 p.m.

Directors present:	Sandy Figuers Angela Ramirez Holmes Sarah Palmer
Staff present:	Jill Duerig, General Manager Tom Hughes, Assistant General Manager, Administration Tamara Baptista, Finance Manager JaVia Green, Staff Analyst Judy Rector, Board Secretary

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

1. Public Comment – None

Director Figuers moved that the agenda be re-ordered so the Proposed FY 2014/15 Budget was heard before the Proposed Drought Surcharge discussion. The other two Committee members agreed.

2. Proposed FY 2014/15 Budget

Tamara Baptista, Finance Manager, and JaVia Green, Staff Analyst, made a budget presentation to the Finance Committee. Ms. Baptista presented a Budget Overview of the three Operating Budgets (Water Enterprise - Fund 100; State Water Facilities - Fund 110; and General Fund/Flood Control - Fund 200) and the three Capital Budgets (Renewal/Replacement and System-wide Improvements - Fund 120; Expansion - Fund 130; and Flood Protection/Stormwater Drainage DIF - Fund 210) with references to each of the new fund numbers and the former fund numbers for clarity.

The drought, economy and the scheduled ramp-up of transfers to fund the Asset Management Program (AMP) have all had an impact on the budget.

Director Figuers asked for definitions of terms used such as FY 2012/13 actuals and board-approved budgets which began a question-and-answer session between staff and the Directors on the definition of other terms used, too. The Directors had many questions and concerns about the headings used in the agenda item and comparing them to other documents.

Tom Hughes, Assistant General Manager, Administration, explained the type of content and timing for different documents including the Monthly Budget Staff Report; an Estimated Actuals report based on current and computer-generated numbers by New World, the new financial software, that is able to project year-to-date dollar amounts based on when the report is run; and the Proposed Budget document.

There was a long discussion regarding numbers in charts presented not matching summary documents in the agenda item which added to the confusion. Ms. Duerig explained that a number like $6.6 million is looked at as an expense and as revenue because when you take an amount out of the first account, it comes out as an expense; but when transferred into the second account, it comes out as revenue which has caused confusion in the past. The goal was to simplify the documents and the numbers are the same except for the AMP transfer from Fund 100 to Fund 120. The difference between appropriations and transfers from funds and reserves were discussed so the Directors could have a clearer understanding of the process.

Director Palmer asked staff in the future to clearly mark revenue and transfer items as “to” and “from” so they can see where the money goes and that would clear up part of the confusion. Director Figuers asked for a column for year-to-date actuals and computer-estimated actuals. Director Ramirez Holmes noted that at board meetings she asks if funds will be coming from the budget for expenditures on projects and not from reserves. If the money has been budgeted and appropriated, then why are there transfers for projects?

Ms. Duerig answered that some of the funds have their own reserves, like Fund 100, that is reported each time so there are Fund 100 reserve levels in Fund 100 already and a transfer is not needed. Director Ramirez Holmes said the reserves have not been reported since it was pulled out in October 2013 and stopped appearing on the Monthly Budget Report. In April 2013 when the Board passed the Draft Interim Reserve Policy, Director Ramirez Holmes said that she expected the information on reserves to come back to the Board on a regular basis and she has not seen it for over a year. Also, in the Draft Reserve Policy, it says “fund balances and target levels will be reviewed by staff and board and public during development approval of each budget.” Ms. Duerig responded that part of what is being done now is to look at each of these reserves and see whether we are meeting the reserve targets. Director Ramirez Holmes felt that it doesn’t explain the drought funding from reserves that were calculated at $3.3 million and is double counted so she wants an explanation.

Discussion continued regarding professional terminology used in the agenda items and tables and definitions understood by Board members. Ms. Duerig said that staff had tried to make the FY 13/14 budget book more transparent and more understandable for people outside of the agency. Ms. Baptista explained each fund and questions were answered one at a time. Ms. Duerig added that expenses increase for chemicals due to poor water quality and for power when the Agency pumps ground water and runs it through the demineralization plant.

Director Palmer offered suggestions for improvement including a formatting change on an Excel worksheet so it clarifies visually what is happening in terms of the range of reserve values, in addition to using her previous suggestion of “To” and “From” so the numbers match.

Director Figuers stated that the purpose of the Finance Committee is to oversee the finances of the Agency but he was frustrated that he could not make sense of the agenda materials in the short time he had to review them. He has suggested more Finance meetings so questions could be answered as the budget year progressed and not wait until the last moment. Ms. Duerig said that this year has been particularly difficult because of the impact of the drought and the numbers keep changing for FY 14/15.

Director Ramirez Holmes asked the following: if there had been a meeting with the retailers about the budget and was told there had not been one; she asked about funds being over budget and was told that if expenses exceed revenues, then reserves are used; and when the proposed budget book would be coming to the Directors and was told that they may be able to get a draft before voting on the budget June 18. Last year they got to see the adopted (not forecast) budget, the proposed budget, the budget from the year before, and the difference. Ms. Duerig explained that in the past, we were criticized for comparing the budget to prior year budgets instead of comparing it to the expenses, so we are now comparing the proposed budgets to current year expenses.

Director Ramirez Holmes asked for a graph of budgets from 2010 to 2014 showing the total using the board-adopted figures and the adopted actuals. Director Figuers asked that it be broken out between flood and water so they can tell which portion has work assigned to it. It was decided that seeing the audited results for the last few years would be very beneficial for the Committee so trends and how much expenditures have increased can be seen. Also a spreadsheet is available which will show how costs have increased. Reserve information on how much was spent out of the reserves and the totals transferred out of reserves into funds in FY13/14 were requested.

Director Figuers asked for public comments before moving to the Surcharge item but there weren't any.

3. Proposed Drought Surcharge

Ms. Duerig explained that there are options with surcharges and staff is seeking guidance from the Committee to see which option the Directors are most comfortable with including taking an additional $2 million out of reserves or, if uncomfortable with taking as much out of reserves, if they want the surcharge higher. Staff came up with the percentages of 0%, 15% and 25% in order to keep it under the 25% conservation amount.

Ms. Baptista's presentation on the Drought Surcharge to the Finance Committee consisted of key points showing why the FY 14/15 budget process was unique including the difficulty of developing the budget due to the uncertainty of the drought; the uncertainty of water supplies; and evolving CIP priorities due to the drought. An assumption made is that the duration of the drought is related to the calendar year 2014 State Water Project allocation.

When Zone 7 suspends or ends the local Drought Emergency declaration, consideration for ending the proposed drought surcharge will take place and Director Ramirez Holmes asked if there is a sunset built in. Ms. Duerig said the sunset can be made for a certain date (but if the drought continued it would have to be re-imposed), or the sunset could be when the drought emergency is lifted, or there could be no sunset at all. Ms. Duerig favors sunsetting the surcharge when the drought emergency is lifted. The Retailers favored a sunset.

Bert Michalczyk, General Manager, Dublin San Ramon Services District, brought up three points and commented regarding how they have a pass-through directly to the customers. He said they may have a strong preference how the surcharge is expressed as either a dollar amount per acre foot, a percentage, or whether it is a surcharge separate line embedded in the rate:

1) In order for them to pass it through under Proposition 218, it can be complicated; 2) They agree there should be a logical sunset to the surcharge whether it is at the end of the drought emergency or on a certain date; and 3) The contract with Zone 7 provides for a process and time frame for rate increases but did not anticipate imposition of mid-year drought surcharges. That contract calls for one rate adjustment per year introduced in September, adopted in October and effective in January. DSRSD does not have any objection to an administrative exchange of letters between Mr. Michalczyk and Ms. Duerig to waive this contractual requirement.

He commented on three other areas regarding 1) Substantiating the supply money for emergency generators; 2) Capital projects: rate payers should not have to pay for a capital asset through the drought surcharge; and 3) Water: Rate payers should not have to pay for the $2.6 million water transfer for Semitropic and Cawelo until the water flows. Tweak the surcharge when the water flows. Commit to take money and replenish the drought reserve fund if not used to buy water. DSRSD is not opposed to the surcharge but he encouraged that it be done right, open and transparent.

Director Ramirez Holmes asked Mr. Michalczyk about DSRSD's tiered structure and whether a surcharge had already been added to this structure. The issue of conservation rewards was discussed with all the Retailers present. The Directors expressed concern about standard usage for residents that conserve now and how can those residents do more? She also asked about the Retailers' cost and time frame to notify residents of the drought surcharge. Director Figuers asked about industrial and commercial users' rates? Recycled water rates are not affected by drought rates. The City of Pleasanton says they are at about the 18 % conservation rate but not hitting 25% yet. The City of Livermore is about 28% for May. Director Ramirez Holmes asked why the untreated customers are not included in the surcharge. Ms. Duerig explained that the rate to the untreated customers has always been a pass-through of what the State Water Project charges plus administrative time as new wells, variations in operations expenses to treat water and projects won't benefit them. Letters were sent to the untreated customers and workshops held letting them know that their rates are not affected but their supplies are cut back 75%.

Ms. Baptista discussed key points including a 25% overall loss of water sales revenue; the FY 14/15 proposed Fund 100-Water Enterprise budget which includes a transfer to Fund 120 of $3.3 million to replenish reserves spent on drought emergency capital projects; and using all of the Drought Contingency ($5.9 million) and a portion of the Rate Stabilization reserves ($6.4 million) to help cover the financial impact of the drought.

Mr. Hughes spoke about the $2.6 million being factored back into the Drought Contingency Reserve if the money was not used to purchase additional water (if available) but we would pay premium rates.

Director Ramirez Holmes suggested using an additional $2 million from the Rate Stabilization reserve to save the Retailers money on mailing notifications to their customers of the drought surcharge.
Ms. Duerig said this is why there are options: use more reserves but then there is more to recover later such as by a bigger rate increase. Director Figuers said he is concerned if we don't purchase additional water but it is put into the rate surcharge, how do we refund the money?

Director Ramirez Holmes suggested that the Finance Committee make a recommendation of 0% surcharge to the full Board at the Special Board meeting June 4th for the following reasons:

- the numbers are not clear enough;
- it costs the Retailers money to notify their customers;
- it punishes people who are conserving; and
- the legality to be able to pass-through the costs to the customer because of the contract between Zone 7 and DSRSD, effective July 1, without any public notification, re-evaluate when water rate increases are done and use the increase as a reason to refill reserves as opposed to having the money sit there unused.

Director Figuers agreed with the recommendation of 0% surcharge.

Director Palmers noted she is worried about next year and is concerned about needing reserves down the road. She does not want the reserves depleted so much and would like to see a drought surcharge because when in the throes of the drought, it is psychologically easier to implement and explain a surcharge than later when rates are raised while it is raining. She wanted to reserve her recommendation until the numbers are clarified.

Director Figuers noted that there were two votes of the Finance Committee to recommend no drought surcharge. The Finance Committee members decided to not make a recommendation to the full Board on the budget.

4. Verbal Reports – None

5. Adjournment

Since there were no further issues or comments, the meeting was adjourned at 6:48 p.m.

6/18/14 Board written/narrative comments by Dick Quigley

May 27: Attended Alameda County Supervisors meeting in Oakland.
Presented an overview of Zone 7 Water Agency, ACWD, EBMUD, and DSRSD and also had spokespersons presenting. I picked up a May-Water Awareness Proclamation from the Supervisors.

Message delivered: Agency – Zone 7 Water Agency

Cities served/retailers
Through its retailers (DSRSD, Livermore, Pleasanton and CalWater), Zone 7 serves potable water to the Cities of Pleasanton, Livermore, Dublin and, by special agreement with DSRSD, the Dougherty Valley portion of San Ramon.

Zone 7 serves irrigation water to agricultural users in Eastern Alameda County, primarily vintners (a $200 million business in the area).

Zone 7 provides flood protection to a 425 square mile area, covering the eastern half of Alameda County.

Zone 7 manages its flood and water resources in an integrated manner, using flood facilities for groundwater recharge, habitat enhancements and cooperating with recreational agencies to grant easements for trails.

Total population – 220,000 (plus businesses, commercial and agricultural customers)

Water sources

Zone 7 was established in 1957 to address the lack of local water resources and extreme flooding that had occurred in 1955. Over 80% of the water served by Zone 7 is imported to the Valley by way of the State Water Project; the State Water Project collects Sierra Snowmelt in Lake Oroville and conveys it through the Delta to contractors south of the Delta, like Zone 7. It is then either treated or stored in various groundwater basins – both local and remote.

Zone 7 and ACWD share water rights to some Arroyo Valle runoff and can store a portion of that in Lake Del Valle or in the groundwater basin

Reduction in supply from these source(s)
The State Water Project has its lowest allocation ever – only 5% and that is available only after September 1st.

Local runoff this year was nearly non-existent – 2013 was the driest year on record for the Livermore Valley.

Impact on customers
Zone 7 has directed its retail water agencies that they will be still receive 75% of the water they requested this year due to advance planning and storage for droughts and that they should impose mandatory water restrictions to conserve available water.

Zone 7 has advised its agricultural customers that they will receive no more than 75% of their requested water and that, as always, if DWR interrupts flows in the aqueduct, no water will be available during that period.

FYI – press release attached and photo sent out today. Walt, please forward to directors John Weed and Paul Sethy as I do not have their email addresses. We appreciate your board members spending the morning at the BOS and apologize for the delay as the closed session went long. It was good to get the reports informing the BOS of the status of water conditions. It was especially important that they hear about the diverse sources of supplies and the importance to the economic health of Alameda County residents and businesses.

Pictured in the photo: left to right – Director Dick Quigley, Zone 7 Water Agency; Supervisor Haggerty; Director & board president Georgean Vonheeder-Leopold, Dublin-San Ramon Services District; Gregory Chan, EBMUD Public Affairs; Directors John Weed and Paul Sethy (board president) Alameda County Water District.

Dawn P. Argula
Chief of Staff, Operations
Office of Supervisor Scott Haggerty
Alameda County
925-551-6995 office

BOARD OF SUPERVISORS

SCOTT HAGGERTY
VICE PRESIDENT
SUPERVISOR, FIRST DISTRICT

PRESS RELEASE

From: Office of Supervisor Scott Haggerty
1221 Oak Street, Suite 536
Oakland, CA 94612

Contact: Dawn Argula
Chief of Staff, Operations
Cell 925-784-7762

Date: Tuesday May 27, 2014

FOR IMMEDIATE RELEASE:

Water Agencies Report on Drought Impacts as Alameda County Board of Supervisors Proclaim May Water Awareness Month

Today the Alameda County Board of Supervisors issued a proclamation declaring May 2014 Water Awareness Month and listened to reports from four of the largest water agencies in the county about the impacts from the drought emergency. Presented by Supervisor Scott Haggerty, the annual Water Awareness Campaign kicks off in the month of May as the weather warms and water use increases.

Representatives from water agencies serving throughout Alameda County attended to accept the proclamation, and included East Bay Municipal Utility District (EBMUD), Alameda County Water District (ACWD), Dublin San Ramon Services District (DSRSD) and the Zone 7 Water Agency.

"The affects of one of the worst droughts experienced in California since the 1970's will deeply affect residents and businesses throughout Alameda County," said Haggerty. "Depending on the source of its water supply, we recognize that the impacts to each water agency differ and that each will employ an approach that works best to conserve water while continuing to protect public health and safety. We support the water agencies in this effort."

Water agencies reported large reductions in their water supply and, depending on the water source, with customer impositions that ranged from 10 percent voluntary conservation for EBMUD customers to mandatory water reductions and restrictions on outdoor water use for ACWD and retail water utilities that depend on Zone 7 Water Agency in the Tri-Valley. Especially hard hit are those agencies that contract with the California State Water Project for its water supply. Zone 7 Water Agency receives 80 percent and ACWD receives 40 percent of its supply from this source.

Haggerty represents the First District communities of Fremont, Livermore, Dublin and eastern unincorporated County areas on the 5-member Alameda County Board of Supervisors. Visit http://www.co.alameda.ca.us/board/district1/ for more information.

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

Thanks,

DQ

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: June 18, 2014 **ITEM NO. 13a**

SUBJECT: GENERAL MANAGER'S REPORT

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

Environmental & External Affairs:

- On May 28th, the California Office of Administrative Law approved the final hexavalent chromium (also called "chrome 6") maximum contaminant level (MCL) of 0.010 mg/L or 10 ppb. Under California's procedures, that means the effective date of the new MCL for hexavalent chromium will be July 1, 2014. Under Title 22, section 64432(b), compliance monitoring for a new MCL for an inorganic chemical is to begin within six months of the effective date.

- The California Department of Water Resources (DWR) made some releases from Lake Del Valle during the planned multi-day Banks Pumping Plant outage. Storage dropped to approximately 40,400 acre feet (AF) but DWR has been re-filling the lake to a target level of 41,500 AF.

- DWR informed Zone 7 that Semitropic deliveries in the Fall (after September 1st) have been approved as part of the official delivery schedule (these deliveries do not require any further agreement with other contractors, such as Metropolitan Water – such agreements would be needed only for deliveries before September 1st).

Finance & Administration

- Estimated net savings for using solar power at the Del Valle Water Treatment Plant for the last year was $26,500.

- Staff inspected and measured water levels in three Tracy Groundwater Basin wells this week. Although completed at different depths, all three had water levels that were less than 15 feet below grade. Monitoring and reporting these levels through CASGEM (the California Statewide Groundwater Elevation Monitoring program) should help maintain Zone 7's eligibility for the state's Integrated Regional Water Management Plan grants.

- In May, annual confined space inspections were completed by staff.

Engineering and Flood Control:

- The centrifuge arrived at Del Valle on May 22nd and staff have been moving forward with the various steps in installation including providing power, installing the final piping connections, fabrication of support pads for the discharge sludge screw conveyor and setting the feed control valve vault.

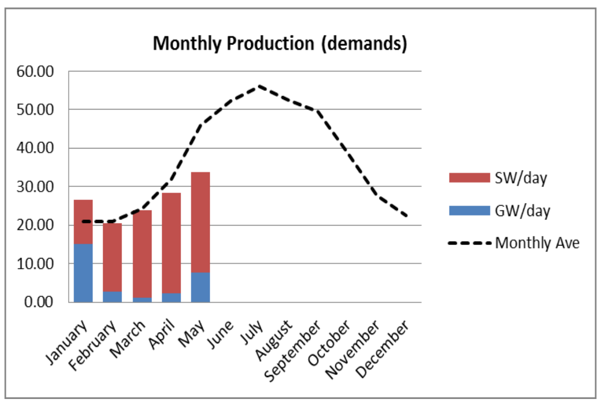
- Results of the ultra-filtration membrane autopsy were received from the French manufacturer. In general, the report said that the ferric chloride coagulant is contributing to the fouling and improved life could be gained by using an aluminum-based coagulant. However, this does not explain why the most recent batch of membranes (purchased last year) failed so much more quickly than previous membranes since ferric has been used as a coagulant for years.

Operations and Maintenance:

- With this year's reduction in available surface water, the plants were gradually ramped down and, by the end of the month, were being run at extremely low production rates to keep the aqueduct running for the untreated users and to preserve imports for later in the summer when they may be really needed by our retailers to meet peak demands.

- Coagulant demands remain high at both plants, although with the reduced production Del Valle was able to switch back to "regular" (non-acidified) ferric chloride since sludge production was lower and the centrifuge is expected on-line soon.

- May was the first month that significant drought water savings were achieved by the community. Monthly demands were 74% of the May average. Production was all from storage – either surface water (SW) treated at one of the two plants that was considered carryover by DWR or groundwater (GW) previously imported and stored in the groundwater basin using artificial recharge.



Monthly List of GM Contracts

May 2014

Contracts:

Dakota Press	$10,000	Print Services
KP LLC.	22,000	Print, Design and Mail House Services
Davis & Associates Communications	49,653	Publications and Website Support Services
Paul Banke	26,500	Grazing Management Planning Services
Jan-Pro Cleaning Systems	26,856	Janitorial Services for Parkside, Del Valle and Patterson Pass Treatment Plants
Davids Engineering	10,000	Technical Assistance with BBID Water Transfer
Fieldman, Rolapp & Assoc.	50,000	Long-Range Financial Planning Support Services
Fiona Hutton & Associates	50,000	Strategic Communications Plan Development
Total May 2014	$245,009	

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: June 18, 2014 ITEM NO. **13b**

SUBJECT: Communications Outreach Activities

E-Newsletter, May 22nd

The e-newsletter featured winners of Zone 7 special awards for water-related projects that had been displayed at the Alameda County Science & Engineering Fair. It also included an article on Zone 7's drought-related effort to try to gain access to more of the water it has stored in out-of-area groundwater banks, and an article on agency participation in Bay Area regional efforts to improve water supply reliability.

Water Conservation Workshop, May 3rd

Zone 7 participated in a water conservation workshop that was hosted by the City of Dublin as part of Dublin Pride Week.

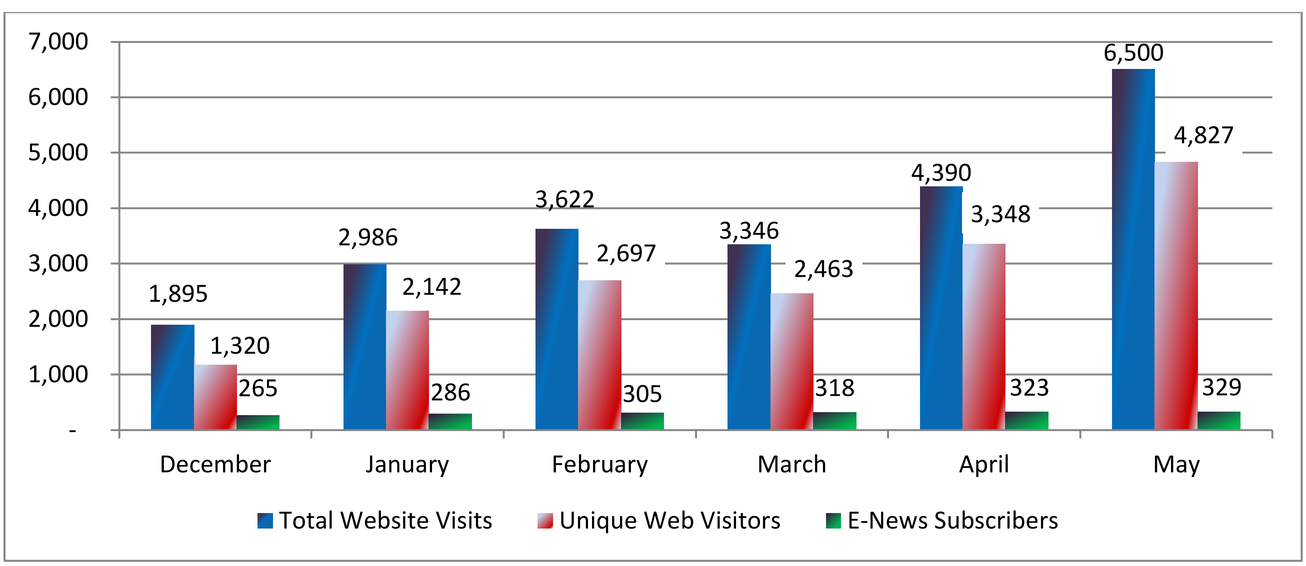
Farmers' Markets, May 10th, 22nd and 29th

As part of Water Awareness Month and in response to the drought, Zone 7 had a water conservation booth at:

- Pleasanton Farmers' Market on Saturday, May 10th
- Livermore Farmers' Market on Thursday, May 22nd
- Dublin Farmers' Market on Thursday, May 29th

At all three events, the agency provided handouts with conservation and water-wise gardening tips, rebate information and simple water-conserving tools such as dye tabs that can help detect toilet leaks and devices that can adjust sprinkler overspray.

Website & E-news Subscription Activity



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: TOM PICO

AGENDA DATE: June 18, 2014 ITEM NO. **13c**

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 Brown's May budget revision included $21 million for the Department Water Resources and the State Water Resources Control Board for groundwater monitoring, management and enforcement. Two bills are moving in the Legislature related to groundwater -- SB 1168 (Pavley, D-Agoura Hills) and AB 1739 (Dickinson, D-Sacramento). ACWA is working closely with Dickinson to include its recommendations in his legislation. There is significant momentum to establish regionally based groundwater management plans.
- Most of the bills seeking to replace the $11.14 billion water bond on the November ballot either failed to pass policy committees and were on hold, or were held in the suspense files of the respective houses' finance committees. AB 1331 (Rendon), which has passed two Senate policy committees, was set for a June 11 hearing before the Senate Finance and Governance Committee. Closed-door negotiations are continuing and the governor still has not publicly stated his position. It will take a two-thirds vote plus the governor's signature to put any measure on the ballot.
- The Assembly unanimously passed AB 2402 (Buchanan, D-Alamo) that would appropriate $2.5 million annually from the general fund for control of noxious weeds.
- The transfer of the state's Drinking Water Program from the Department of Public Health to the State Water Resources Control Board will take place July 1. The health department's definition of standards for recycled water has been accelerated and is expected within a month (previously, it was six to nine months out).
- The U.S. Senate passed the drought relief bill authored by Senator Dianne Feinstein (S 2198). A joint committee will meet to reconcile the differences between the Senate bill and a House bill (HR 3964) that passed much earlier this year.

RECOMMENDED ACTION: Information only

EXECUTIVE SUMMARY
State Legislation

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

June 18, 2014

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
Water Bond				
AB 1331 (Rendon)	Clean and Safe Drinking Water Act of 2014	This bill would enact the Clean, Safe and Reliable Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $8,000,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe and reliable drinking water program. This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Senate Committee on Governance and Finance
AB 1445 (Logue)	California Water Infrastructure Act of 2014	This bill would enact the California Water Infrastructure Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $5,800,000,000 pursuant to the State General Obligation Bond Law to finance public benefits associated with water storage projects and water quality improvement projects. This bill would provide for the submission of this bond act to the voters at the November 4, 2014, statewide general election.	Watch	Assembly Committee on Water, Parks and Wildlife
AB 2043 (Bigelow)	Safe, Clean, and Reliable Drinking Water Supply Act of 2014	This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $8,035,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Assembly Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
AB 2554 (Rendon)	Clean, Safe, and Reliable Drinking Water Act of 2014	This bill would enact the Clean, Safe, and Reliable Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $8,500,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable drinking water program. This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Assembly Committee on Appropriations
AB 2686 (Perea)	Clean, Safe, and Reliable Water Supply Act of 2014	This bill would enact the Clean, Safe, and Reliable Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable water supply program. This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Assembly Committee on Appropriations
SB 848 (Wolk)	Safe Drinking Water, Water Quality, and Flood Protection Act of 2014	This bill would enact the Safe Drinking Water, Water Quality, and Flood Protection Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $6,825,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and flood protection program. The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.	Watch	Senate Committee on Rules
SB 927 (Cannella)	Safe, Clean, and Reliable Drinking Water Supply Act of 2014	This bill would rename the bond act as the Safe, Clean, and Reliable Drinking Water Supply Act of 2014. The bill would instead authorize the issuance of bonds in the amount of $9,217,000,000 by reducing the amount available for specific, named projects related to drought relief and water supply reliability. The bill would remove the authorization for funds to be available for ecosystem and watershed protection and restoration projects, and would increase the amount of funds available for emergency and urgent actions to ensure safe drinking water supplies in disadvantaged communities and economically distressed areas.	Watch	Senate Committee on Natural Resources and Water
SB 1080 (Fuller)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012	This bill would declare the intent of the Legislature to enact legislation to reduce the $11,140,000,000 bond.	Watch	DEAD

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
SB 1250 (Hueso)	Safe, Clean, and Reliable Drinking Water Supply Act of 2012	This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $10,150,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply program. This bill would provide for the submission of this bond act to the voters at the November 4, 2014, statewide general election.	Watch	Senate Committee on Natural Resources and Water
SB 1370 (Galgiani)	Reliable Water Supply Bond Act of 2014	This bill would enact the Reliable Water Supply Bond Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of $6,260,000,000 pursuant to the State General Obligation Bond Law to finance surface water storage projects	Watch	Senate Committee on Natural Resources and Water
Special Taxes: Voter Approval				
ACA 8 (Blumenfield)	Local government financing: voter approval	This bill would create an additional exception to the 1% tax rate limit of the full cash value on real property for a rate imposed by a city, county, city and county, or special district, as defined, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable.	Support	Senate Committee on Governance and Finance
SCA 9 (Corbett)	Local government: economic development: special taxes: voter approval	This measure would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for community and economic development projects requires the approval of 55% of its voters voting on the proposition.	Watch	Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
SCA 11 (Hancock)	Local government: special taxes: voter approval	The California Constitution conditions the imposition of a special tax by a local government upon the approval of 2/3 of the voters of the local government voting on that tax, and prohibits a local government from imposing an ad valorem tax on real property or a transactions tax or sales tax on the sale of real property. This measure would instead condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition.	Watch	Senate Committee on Appropriations
Drinking Water				
AB 1674 (Bigelow)	Vended Water	Current law requires water-vending machines to be designed to reduce or remove turbidity, off-tastes, and odors, to provide disinfection treatment, and to use processes for dissolved solids reduction or removal. This bill would exempt a water-vending machine from the requirements described above if the drinking water vended by the machine derives from a groundwater basin that does not exceed the maximum contaminant levels.	Watch	DEAD
Integrated Regional Water Management				
AB 1249 (Salas)	Integrated regional water management plans: nitrate, arsenic, perchlorate, or hexavalent chromium contamination	This bill would require an integrated regional water management plan to include an explanation of how the plan addresses nitrate contamination, or an explanation of why the plan does not address nitrate contamination, if an area within the boundaries of the plan has been identified as a nitrate high-risk area by the State Water Resources Control Board. The bill would impose these same requirements with respect to arsenic, perchlorate, or hexavalent chromium contamination, irrespective of whether an area within the boundaries of the plan has been identified as high risk for those contaminants.	Watch	Senate Committee on Environmental Quality

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
AB 1731 (Perea)	Integrated regional water management plans: funding: disadvantaged communities	This bill would require in each integrated regional water management region that a least 10% of any funding for integrated regional water management planning purposes be used to facilitate and support the participation of disadvantaged communities in integrated regional water management planning and for projects that address critical water supply or water quality needs for disadvantaged communities.	Watch	Senate Committee on Natural Resources and Water
AB 1874 (Gonzalez)	Integrated regional water management plans: funding	This bill would require the Department of Water Resources to develop a streamlined application process for certain regional water management groups. The bill would require, in order to receive integrated regional water management grant funds through this streamlined application process, the specified regional water management group to file with the department a streamlined application form that includes information relating to projects to be funded by integrated regional water management grant funds.	Watch	DEAD
SB 1049 (Pavley)	Integrated regional water management plans	This bill would specifically include projects or programs that reduce energy used to acquire, transport, treat, or distribute water, as a regional project or program. The bill would require a regional water management group to include all water suppliers that are within the watershed area, the area over a groundwater basin or subbasin, or the area within a county's boundaries.	Watch	DEAD
Conservation Planning				
AB 1514 (Gonzalez)	Natural community conservation planning agreements	The bill would also require an agreement to implement a natural community conservation plan to identify all lands within the planning area that are classified by the State Geologist as containing mineral deposits of regional or statewide significance. The bill would require the agreement, if classified mineral resources are found to exist on lands within the planning area, to include participation by the State Geologist, as specified.	Watch	DEAD

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
Climate Change				
AB 2348 (Stone)	Natural Resources Climate Improvement Program	This bill would establish the Natural Resources Climate Improvement Program to assist in the development and implementation of highly-leveraged, regionally integrated natural resources projects that maximize greenhouse gas emissions reductions or sequestration.	Watch	DEAD
SB 1268 (Beall)	Natural Resources Climate Improvement Program	This bill would establish the Natural Resources Climate Improvement Program to assist in the development and implementation of highly-leveraged, regionally integrated natural resources projects that maximize greenhouse gas emissions reductions or sequestration.	Watch	DEAD
Invasive Weeds				
AB 2402 (Buchanan)	Noxious weed management	This bill would revise the percentages of Noxious Weed Management Account allocations, and would also revise the purposes for which the percentage of funds allocated for research may be used to include mapping, risk assessment, and prioritization of weeds.	Watch	Senate Committee on Rules
Bay Delta Conservation Plan ("BDCP")				
AB 1671 (Frazier)	Sacramento-San Joaquin Delta: water conveyance system	This bill would prohibit the Department of Water Resources from constructing water facilities as part of a specified water conveyance system unless specifically authorized by the Legislature.	Oppose	DEAD
AB 2463 (Dickinson)	Water Plans	This bill would require the Department of Water Resources to partner with the Regional Water Authority, with suppliers in El Dorado, Placer, Sacramento counties and other interested agencies to develop a plan for investing in water supplies and other facilities in order to contribute to the reliability of water supplies for the Sacramento region's communities and environmental resources while also generating statewide benefits.	Watch	DEAD

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
Stormwater				
SB 985 (Pavley)	Stormwater resource planning	This bill would require a stormwater resource plan to identify and prioritize stormwater and dry weather runoff capture projects for implementation in a prescribed quantitative manner and to prioritize the use of lands or easements in public ownership for stormwater and dry weather runoff projects.	Watch	Assembly Desk
Water Conservation				
AB 2104 (Gonzalez)	Common interest developments: water-efficient landscapes	This bill would provide that a provision of the governing documents or of the architectural or landscaping guidelines or policies shall be void and unenforceable if it prohibits, or includes conditions that have the effect of prohibiting, low water-using plants as a group or as a replacement of existing turf, or if the provision has the effect of prohibiting or restricting compliance with a local water-efficient landscape ordinance or water conservation measure.	Watch	Senate Committee on Transportation and Housing
AB 2636 (Gatto)	CalConserve Water Use Efficiency Revolving Fund	This bill would establish the CalConserve Water Use Efficiency Revolving Fund. This bill would require moneys in the fund to be used for purposes that include, but are not limited to, at-or-below market interest rate loans and would permit the department to enter into agreements with local agencies that provide water or recycled water service to provide loans.	Watch	Senate Committee on Rules
Water Management				
AB 2067 (Weber)	Urban water management plans	The bill would require an urban retail water supplier and an urban wholesale water supplier to provide narratives describing the supplier's water demand management measures, as provided. The bill would require, for urban retail water suppliers, the narrative to address the nature and extent of each water demand management measure implemented over the past 5 years and describe the water demand management measures that the supplier plans to implement to achieve its water use targets.	Watch	Senate Committee on Natural Resources and Water

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
SB 936 (Monning)	Monterey Peninsula Water Management District: financing orders and water rate relief bonds	This bill would authorize the Monterey Peninsula Water Management District to issue water rate relief bonds if the Public Utilities Commission finds that the bonds will provide savings to water customers on the Monterey Peninsula.	Watch	Assembly Desk
SB 1036 (Pavley)	Urban water management plans	This bill would authorize an urban water supplier to include within an urban water management plan certain energy-related information, including, but not limited to, an estimate of the amount of energy used to extract or divert water supplies. This bill would require the department to include in its guidance for the preparation of urban water management plans a methodology for the voluntary calculation or estimation of the energy intensity of urban water systems.	Watch	Assembly Desk
SB 1420 (Wolk)	Water management: urban water management plans	This bill would require an urban water management plan to quantify and report on distribution system water loss. The bill would authorize water use projections to display and account for the water savings estimated to result from adopted codes, standards, ordinances or transportation and land use plans, when that information is available and applicable to an urban water supplier.	Watch	Assembly Desk
Water Rights				
AB 1905 (Alejo)	Water rights: appropriation: small domestic, small irrigation, and livestock stockpond use	This bill would permit a small domestic use registration and a livestock stockpond use registration to be in effect for the same facility if the total combined water use covered by the registrations does not exceed 10 acre-feet per annum.	Watch	Senate Committee on Natural Resources and Water
Groundwater				
AB 1739 (Dickinson)	Groundwater basin management: sustainability	This bill would require a sustainable groundwater management plan to be adopted for each high or medium priority groundwater basin by any groundwater management agency, defined as a special district authorized to provide water for beneficial uses or with specific authority to conduct groundwater management, a city, a county, a city and county, or certain joint powers authorities.	Watch	Senate Committee on Rules

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/02/2014
AB 2189 (Garcia)	Water replenishment districts: replenishment assessment	This bill would require the governing board to make the specified findings and determinations before holding the public hearing and would require the board to identify water-producing facilities within the district that would be subject to the proposed replenishment assessment and give written notice by mail to the owners of those water-producing facilities. The bill would authorize an owner of a water-producing facility to submit a written protest opposing the replenishment assessment and would prohibit the board from imposing a replenishment assessment that exceeds the rate of the prior fiscal year, as specified, if a majority protest exists.	Watch	DEAD
SB 1168 (Pavley)	Groundwater management	This bill would require a local agency to determine sustainable yield for a groundwater basin in coordination with other applicable local agencies whose service areas overlie the groundwater basin.	Watch	Assembly Desk
CEQA				
AB 2417 (Nazarian)	California Environmental Quality Act: exemption: recycled water pipelines	This bill would, until January 1, 2018, exempt from CEQA a project for the construction and installation of a new pipeline or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal, or demolition of an existing pipeline, not exceeding 8 miles in length, for the distribution of recycled water within a public street, highway, or right-of-way and would require the lead agency to undertake specified activities, including the filing of a notice of exemption for the project with the Office of Planning and Research and the office of the county clerk of each county in which the project is located.	Watch	Senate Committee on Rules
Water Quality				
AB 1707 (Wilk)	Water quality: scientific peer review	Under existing law, a proposed rule is defined to include, among other things, a policy adopted by the State Water Resources Control Board that has the effect of a regulation and that is adopted in order to implement or make effective a statute. This bill would require the state board to post on its Internet website a copy of the external scientific peer review conducted for regulations of the state board.	Watch	Senate Committee on Rules

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: June 18, 2014 ITEM NO. **13d**

SUBJECT: Update Related to the Bay Delta Conservation Plan

BACKGROUND:

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

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

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

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

DISCUSSION:

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

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

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

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

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

Over the 50 year implementation period of the BDCP, the total cost of implementing the 22 conservation measures, including capital and O&M costs, is estimated at $24.75 billion. Of this, approximately 65%, or $16.03 billion, is for construction, operation, and maintenance of CM 1 and related mitigation.

The Natural Community Conservation Planning Act (NCCPA) requires that habitat conservation plans such as the BDCP include an implementation agreement. On May 30, 2014, The U.S. Department of the Interior and the California Natural Resources Agency released the Draft Implementing Agreement (IA) for the Bay Delta Conservation Plan for a 60-day public review and comment period. At the same time, lead state and federal agencies also extended the public comment period for the Draft BDCP and associated Draft EIR/EIS by an additional 46 days, for a total 228-day review period, allowing the documents to be reviewed in context with the newly released draft IA. Public comments on the draft BDCP, EIR/EIS and Implementing Agreement are now due on July 29, 2014.

The Implementing Agreement will govern the implementation of the 22 conservation measures included in the BDCP. The document details the roles and responsibilities of various agencies under the BDCP; sets forth expectations, assurances and protections. The IA also establish the commitments of the parties concerning a range of matters, including conditions for species coverage, implementation of conservation measures and the adaptive management and monitoring program; plan governance; funding; regulatory assurances and protections; compliance requirements and remedies. It also describes how permits may be suspended or revoked by the wildlife agencies in the event the water agencies fail to adequately fund or make progress on the implementation of conservation measures for which they are responsible.

Many key elements of the draft BDCP are incorporated by reference into the IA, such as the conservation strategy, governance structure, implementation schedule, and public funding to be made available by state and federal governments. The draft IA includes new and supplemental information, including the relationship of the BDCP to future regulatory processes; regulatory assurances that are anticipated to be provided to the Department of Water Resources and the public water agencies; remedies and procedures in the event of a funding shortfall or a failure to comply with the terms of the Agreement, the Plan or the associated Permits.

The Parties to the draft agreement are the California Department of Water Resources (DWR), the California Department of Fish and Wildlife (CDFW), State Water Project and Central Valley Project contractors (SWP/CVP Contractors), US Fish and Wildlife Service (USFWS) and the National Marine Fisheries Service (NMFS). The IA document can also be found at: http://baydeltaconservationplan.com/Home.aspx.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: Engineering
CONTACT: Rhett Alzona

AGENDA DATE: June 18, 2014

SUBJECT: Drought Update ITEM NO. **13e**

SUMMARY:

- DWR is striving to maintain Lake Del Valle full so there is more water stored in the Valley should SBA conveyance through the Delta present problems this summer. Water quality has been stable recently; however, treatment challenges continue. Although raw water TOC concentrations at the treatment plants have steadily dropped from approximately 6.97 mg/L to 5.5 mg/L, TOC levels are still above normal. Coagulant dosing is much higher than normal to combat the TOC levels.

- On May 30th, DWR announced a revision allowing delivery of up to 20% of Table A allocation before September 1, 2014.

- DWR has approved Semitropic deliveries for Zone 7 starting in September. Cawelo's planned delivery schedule for the fall is currently undergoing review.

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

    1. Lake I - Cope Lake Pipeline Project – Substantial completion has been reached. All work on the site has been completed, except for a few warranty items – there is a small issue with the operation of the slide gate and there is some erosion surrounding the Lake I outfall. We are awaiting the final as-built drawings along with the project close-out documents.

Lake I Slope

View Toward Cope Lake

Lake I Outfall (Discharge ~ 8 mgd)

Repaired Haul Road Section

2. Chain of Lakes Well No. 5 - The 2-inch monitoring well construction was completed identifying the aquifer depths for the design of the production well casing and screens. These items have been ordered and delivered to the site. Drilling of the water supply well has commenced and the conductor casing has been set along with the installation of the permanent discharge piping. On May 2, the contractor, Maggiora Bros, experienced a delay at a depth below ground of 183 feet as a weld on the flange that holds the drill bit to the drill stem broke. Because of this delay, completed well construction is expected to be pushed back to July 1st. The well pump, main breaker and all other long lead-time items have been ordered.

3. Busch Valley Well No. 1 - Zone 7 entered into a Progressive Design-Build contract with Conco West, Inc. (with Stantec as sub-consultant). Work has commenced on Phase 1 which consists of preparing a Basis of Design report that identifies the Schematic Design, Schedule of Values and Contingency for the Guaranteed Maximum Price, Schedule, Permitting Requirements and related

terms and conditions for the Agency to review prior to entering into the Phase 2, Construction of the Well and related facilities. Phase 1 scope of work includes preparing and issuing a bid specification for the well to better understand market conditions that could affect the Schedule of Values. A Risk Register will also be developed to better understand potential project risks, develop mitigation plans and estimate contingency costs to provide a greater degree of certainty associated with the Schedule of Values. Phase 1 scope of work is estimated to be substantially complete by August 1, 2014 with the delivery of the Well Bid results and draft Basis of Design.

- From an operational standpoint, staff are using wells while optimizing surface water treatment given the limited SWP allocation, have ceased groundwater recharge, are reviewing water quality and minimum water supply needs, and have turned off the Mocho Groundwater Demineralization Plant to avoid discharge of the concentrate (waste stream is approximately 15% of the groundwater pumped).
- Staff continue to work with DWR, Semitropic and other State Contractors (especially Metropolitan Water District of Southern California and Kern County Water Agency) to access some more of Zone 7's water banked in Kern County during this summer through transfers/exchanges.

BACKGROUND:

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

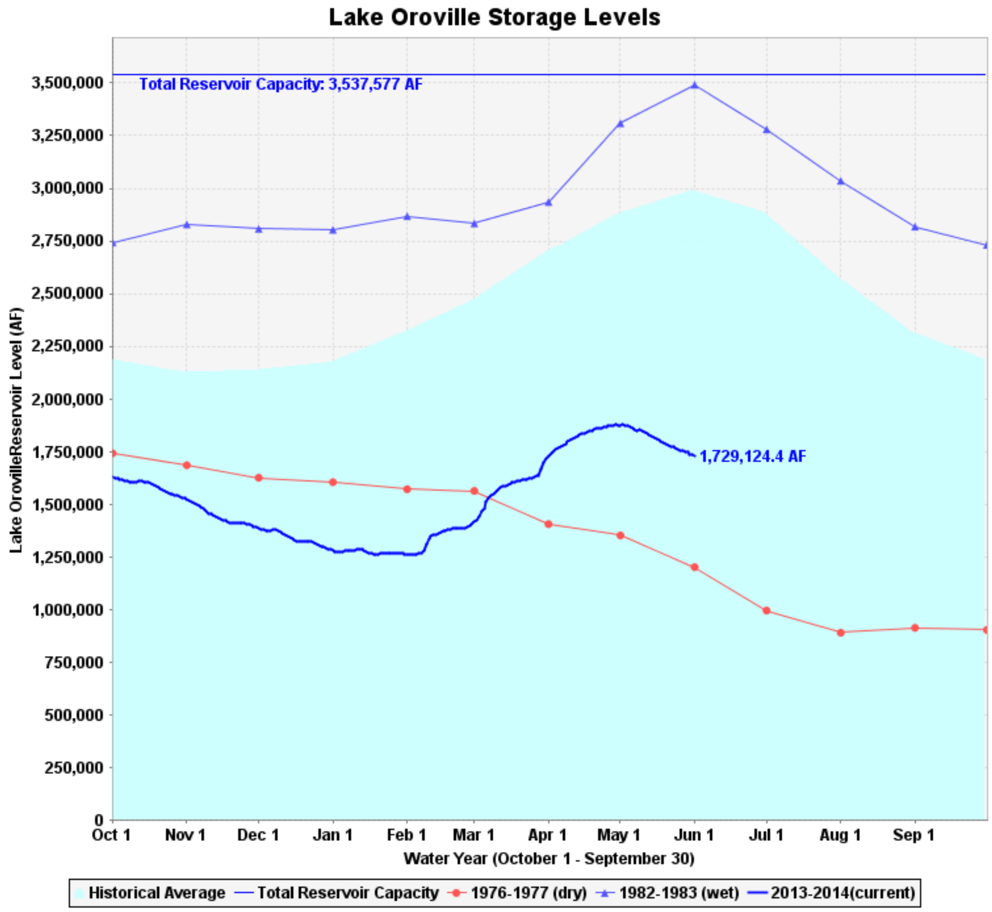
On January 17, 2014, Governor Jerry Brown declared a State of Emergency in California due to the current drought conditions and asked all citizens to cut back water use by 20%. On January 29, 2014 at a Special Meeting of the Zone 7 Board, a Drought Emergency was declared and a Drought Emergency Response Plan was accepted. In addition, on January 31, 2014, the California Department of Water Resources (DWR) announced they were reducing State Water Project allocations from 5% to zero for the first time in history.

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

DISCUSSION:

Storage in Lake Oroville also remains well below average at approximately 58% of the historic average but above the driest year of record (see Oroville graph, below). This can be tracked on the DWR data website at http://cdec.water.ca.gov/cdecapp/resapp/resDetailOrig.action?resid=ORO.

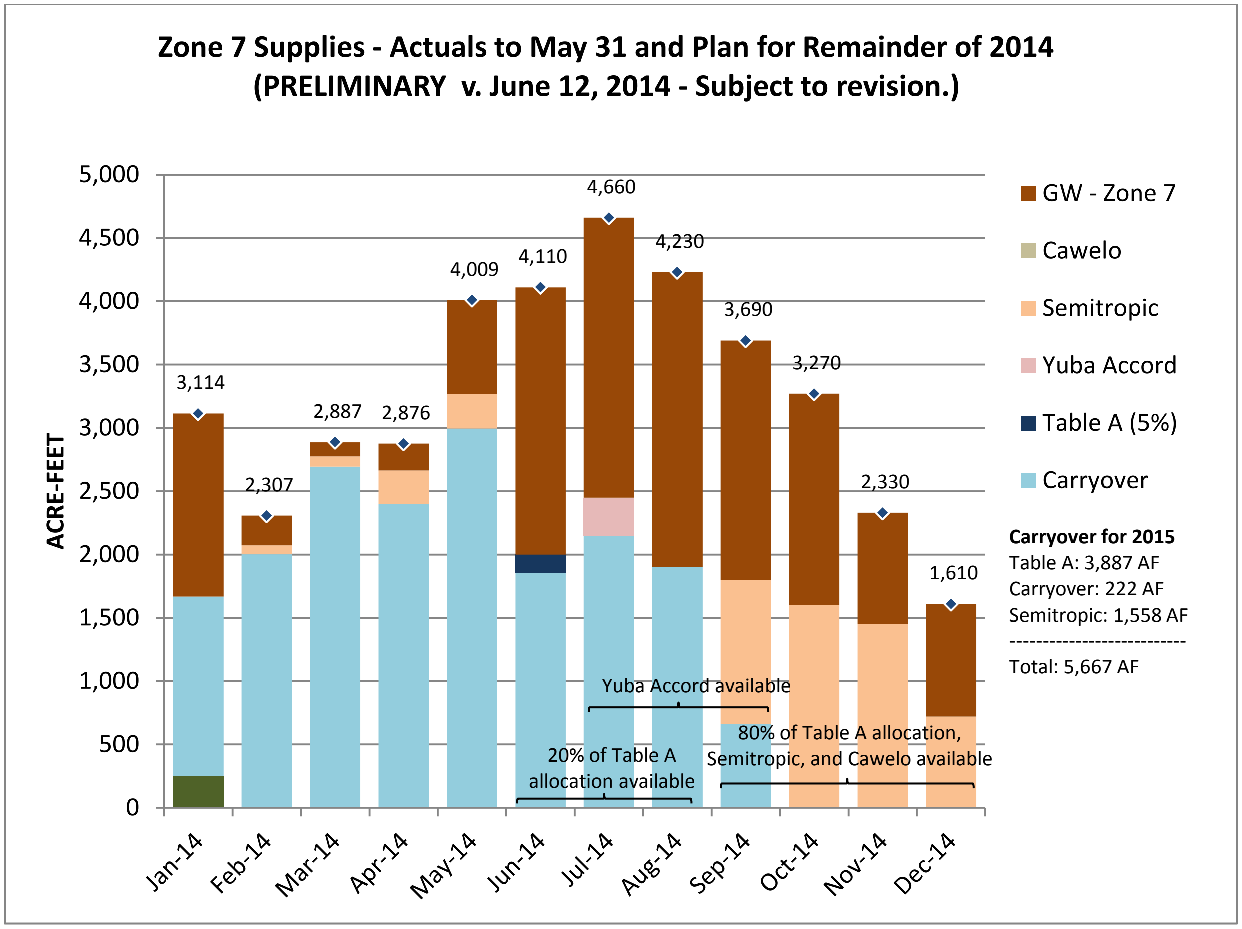


The local hydrology also remains dry, measuring approximately 46% of the average water year. This has minimized the amount of local water captured this year under the Arroyo Valle Water Rights permit. Note that due to the lack of local runoff, DWR had to pump SWP water into Lake Del Valle and the lake storage is currently at 41,100 acre feet (AF) and slowly evaporating. DWR plans to fill the lake to 41,500 and maintain the level as full as possible while supplying water to the three SBA contractors using both Delta and lake water as needed.

In the first five months of 2014, valley-wide treated water demands have shown a 20% reduction below 2013 production and thus far June is indicating a 40% reduction over the same time period in 2013. With implementation of the Stage 2 Action Plan to reduce indoor usage by 5% and outdoor usage by 50-60%, increased conservation is expected as we move into the summer months.

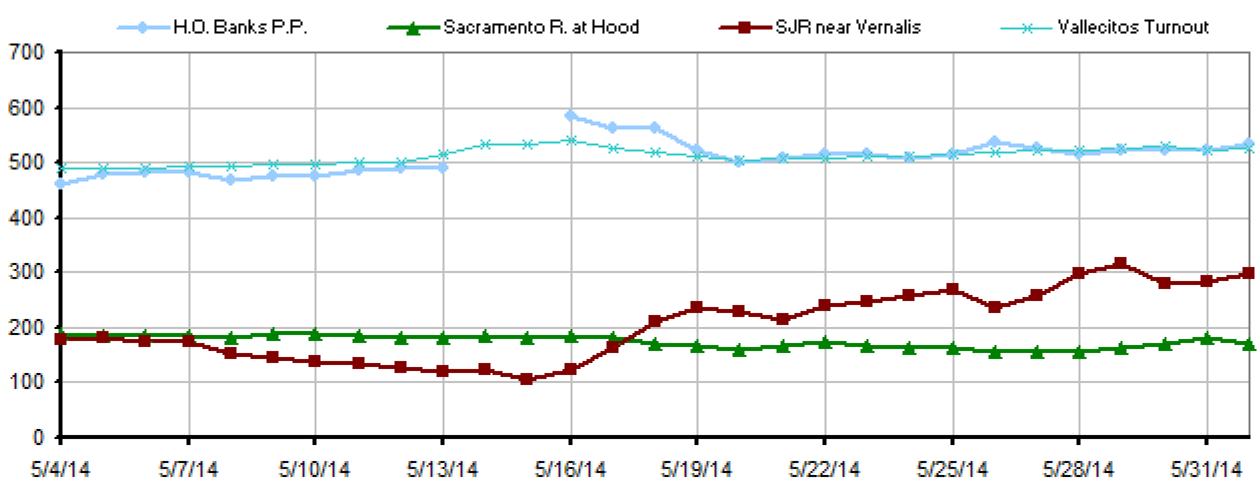
Both the Del Valle Water Treatment Plant and the Patterson Pass Conventional Treatment Plant are in operation at a reduced production of approximately 15 million gallons per day (MGD) which is allowing Zone 7 to spread its carryover through the first part of September. Production wells are meeting over 50% of current demand and will also be relied upon to help meet summer peak demands.

The graph below shows Zone 7's actual use of water supplies through May 31st and planned use for the remainder of the year. Zone 7 plans to use a portion of its Table A in June (DWR has allowed the use of up to 20% of 2014 Table A allocation before September 1st) and to use carryover through the first part of September. According to the latest banked water delivery schedule approved by DWR, Semitropic deliveries to Zone 7 will resume in September, resulting in a total delivery of 7,154 AF from Semitropic over 2014; note that some adjustments were made to Semitropic deliveries to Zone 7 for the period February through May 2014 and these are reflected below. Under this plan, there will be 5,700 AF of carryover as Zone 7 enters into 2015. Staff will continue to work with Cawelo, DWR, and other SWP contractors to secure deliveries of banked water from Cawelo.



DWR monitors electrical conductivity as a surrogate for TDS (TDS is approximately equal to 0.58 times EC), which is posted as part of DWR's "Real Time Data and Forecasting" effort on the DWR website at http://www.water.ca.gov/waterquality/drinkingwater/rtdf_rprt.cfm:

Electrical Conductance (μS/cm)



Due to runoff and releases from Oroville, water quality in the South Delta has total dissolved solids (TDS) around 290 mg/L. Typical TDS levels around this time of year are between 250 mg/L and 300 mg/L.

Total Organic Carbon (TOC) numbers are still higher than normal but starting to come down due to water runoff. Higher TOC levels impact treatment at the plants (with higher TOCs requiring more coagulants and more pH adjustments while generating more sludge).