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, July 16, 2014**

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

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

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

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

A G E N D A

1. Call Meeting to Order

   a. Swear in Newly Elected Directors

2. Pledge of Allegiance

3. Reorganization of the Board

4. 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.

5. Minutes of the Regular Meeting of June 18, 2014

6. Consent Calendar

   a. Resolution of Commendation for Retiring Board Member AJ Machaevich

7. Staffing Update

   a. May Employee of the Month Recognition

8. Contract for Weed Control Spraying Services

   Recommended Action: Adopt resolution.

9. Committees - none

10. Reports - Directors
    a. Verbal comments by President
    b. Written report by Director Quigley - none
    c. Verbal reports

11. Items for Future Agenda - Directors

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

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

13. 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.

14. Open Session and Report Out of Closed Session

15. Verbal Reports

16. Adjournment

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

    a) Special Board Meeting (Board Retreat): July 21, 2014, 10:00 a.m.
    Hilton Garden Inn, 2801 Constitution Drive, Livermore
    b) Liaison Committee Meeting with EBRPD/LARPD/Tri-Valley Conservancy:
    July 22, 2014, 2:30 p.m.
    Special Board Meeting: August 6, 2014 (if needed)
    c) Regular Board Meeting: August 20, 2014, 7:00 p.m.

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

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

REGULAR MEETING

June 18, 2014

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

DIRECTORS:	SANDY FIGUERS JOHN GRECI SARAH PALMER DICK QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	AJ MACHAEVICH
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION TAMARA BAPTISTA, FINANCE MANAGER 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 May 21, 2014, Special Meeting/Board Workshop of May 29, 2014, and Special Board Meeting of June 4, 2014:

Director Ramirez Holmes made corrections to the Special Board Meeting minutes of June 4, 2014, and corrected copies were given to Board members at the meeting. President Stevens revised another sentence in the same minutes to say that Director Figuers talked to staff and worked up graphs. Director Ramirez Holmes moved that all of the minutes be approved as corrected and Director Quigley seconded the motion. The minutes were approved by a 6-0 voice vote with Director Machaevich absent.

Director Greci commented that he liked the process of submitting corrections to the minutes to staff in advance of the meeting and thanked Director Ramirez Holmes for her time in reviewing and correcting the minutes.

Item 5 - Consent Calendar

Director Quigley moved for approval of all consent items and Director Palmer seconded the motion. The Board approved all five Consent items by a voice vote of 6-0 with Director Machaevich absent:

Item 5(a) - Amendment No. 1 to the Memorandum of Understanding (MOU) between Members of the Bay Area Regional Mussel Prevention Consortium

Resolution No. 14-4369	Authorized Amendment No. 1 to the MOU between members of the Bay Area Regional Mussel Prevention Consortium. (Item 5a)

Item 5(b) - California Water Action Plan

Resolution No. 14-4370	Supporting both the California Water Action Plan and ACWA's Statewide Water Action Plan. (Item 5b)

Item 5(c) - Airfare Reimbursement Authorization

Resolution No. 14-4371	Zone 7 air travel policy. (Item 5c)

Item 5(d) - Professional Services Contract with Kier & Wright, Inc. for Surveying Support Services

Resolution No. 14-4372	Annual professional services contract with Kier & Wright, Inc. for as-needed Surveying Support Services. (Item 5d)

Item 5(e) - Authorization for Miscellaneous Expenses for Board Meetings and Staff Events

Resolution No. 14-4373	Policy regarding payment for events and increasing the spending limit up to $500, retroactive to January 1, 2014. (Item 5e)

Item 6 - Staffing Update

Mary Miller was selected as the April Employee of the Month. Ms. Miller works in the Maintenance group as the Maintenance Coordinator and processes all of the purchasing for Maintenance. The Board applauded her in absentia.

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

Kurt Arends, Assistant General Manager, Engineering, explained to the Board that this is a construction contract awarded for the Patterson Pass Treatment Plant. Ferric Chloride and Caustic Soda share a single secondary containment area but one is an acid and one is a base. The Alameda County Department of Environmental Health requires incompatible materials to have separate secondary containment systems or, in the case of a leak, there could be a reaction between the two chemicals. The current scope calls for raising the concrete wall around the tanks, putting in a concrete wall between the tanks to separate the two chemicals, and coat the concrete interior of the tanks so the chemicals do not seep into the concrete, putting in a new trench with separate lines for the chemicals and a leak detector, eye wash/shower relocation, sump pumps, containment area stairway modifications, and electrical and instrumentation signals.

Three bids were received and Manito Construction, Inc., also the contractor on the superpulsator project, was the lowest responsive and responsible bidder for the bid amount of $294,700. The Engineer's Estimate was low because the complexity of the work was underestimated; however, after review, staff felt the bids were reasonable and the other bids confirm the cost of the work. Mr. Arends included more financial information in the written agenda item due to recent conversations regarding the financing of projects including the original budget amount, the contract amount, estimated labor and any consultants (along with specialty inspections built into the cost). The total project cost exceeds the budget which was seen as a simpler project when budgeted a year and a half ago. Initially it was thought only a concrete wall and focusing on one side of the basin was needed; since then, to meet the County requirements, the scope was expanded to include work on both sides of the containment area, coating the area and trenching/sensors which increased the budget for the project. Staff recommended award of the bid to Manito Construction.

Director Palmer commented on the ramification of possible leaks and mixing of incompatible materials during an earthquake so it is worthwhile to do all these safety measures to separate.

Director Ramirez Holmes asked if this was discovered during a review by Environmental Health or when Zone 7 started to do the project. Mr. Arends said the project was in Zone 7's CIP but they expedited it due to Environmental Health's concerns. Director Ramirez Holmes thanked Mr. Arends for the additional funding information and she feels this offers a clearer picture of not just approving a contract but seeing what the total cost is including staff time. Director Quigley agreed.

Director Palmer moved and Director Figuers seconded the motion which was approved by a roll call vote of 6-0 with Director Machaevich absent.

Resolution No. 14-4374	The Board authorized and approved Project No. 241-14, accepted the bid from the lowest responsive and responsible bidder, Manito Construction, Inc. and authorized the General Manager to execute a contract for a not-to-exceed amount of $294,700. (Item 7)

Item 8 - Proposed Budget for Fiscal Year 2014/15

General Manager Jill Duerig told the Board that the agenda item on the budget was brought to the Finance Committee, discussed at a Special Board meeting, and does not include any drought surcharge. It is staff's best guess at a reasonable budget plus some contingency which is typical of our financial planning. One of the reasons the drought surcharge was not included at this time and staff decided to wait until fall is because we want to have a better idea of what drought costs will be this summer.

The Board of Directors received a letter from Dublin San Ramon Services District that emphasized that when Zone 7 sets water rates, use more real numbers. That was the Board's intent in not doing a drought surcharge at this time; although there are some concerns, Zone 7 is fulfilling that request.

Director Figuers invested a lot of time going over budget information and presented what he called "a Board member's impression of the budget process." What he found is how the Board and budget staff interact when it comes to the budget and there is a huge "fog" of language and dates. His handout and example showed "the numbers," the auditors come in and approve the numbers, then explain them to the Board and public. He feels discussions are difficult due to the nature of the language used and because the numbers constantly change. Unless the exact date of the change is known for the numbers used, it is difficult to compare them to other numbers taken at a different date. The Board and the public try to talk to each other and staff, but the Board has to just accept what they say.

He then offered a modified version of the graphs he presented at the Special Board Meeting on June 4 but these graphs show a time flow for an entire year starting in May for Fund 120. His graphs represented two types of funds, Board-approved levels that cannot be exceeded without Board approval, and a revenue level. He then explained his graphs to the Board for the first three quarters of the fiscal year and how the graphs will evolve. He then showed a graph for Fund 100 and emphasized again that dates need to be known or the numbers do not make sense and cannot be compared. He said last year income exceeded expenses and this year expenses exceed income and the results can be seen in the fund balance. When the Board looks at the graphs they will see how they relate to the actual data flow, expenses and expenditures. He also noted the power of language in terms such as audited actuals, estimated actuals, carry over and what those terms mean.

Director Greci expressed concern about being "lost" with Director Figuers' explanation of the graphs and said he is still in favor of seeing numbers and where they were used instead of bars and graphs due to the number of confusing lines on the graphs. Director Figuers said he prefers the graphs and the numbers and both have uses for detecting trends. Director Quigley agreed with Director Greci. The primary need is to have a simple, understandable budget and the second need is a system of financial accountability and responsibilities that accurately track spending.

Director Ramirez Holmes agreed with Director Quigley and said that because Zone 7's budget is made up of many funds, the Finance Committee did not catch things until they saw the audit. Plus trying to figure things out when they had not had a Finance Committee for six months, the Finance Committee tried to come up with a system that allows things to become clear and consistent so everyone can understand it. She thinks the graphs were a good exercise in trying to understand what they want in the Finance Committee, accountability and tracking, which has not been done.

Director Palmer said that as a member of the Finance Committee, she would like to see something interactive that could be pulled up at any time in different configurations. She would not have to wait for a Finance Committee meeting to track things and understand them. Director Figuers said that idea is a possibility. Director Figuers' questioned how much of the information does the Board actually need to do their job? He ended his presentation with a reference to reserves and sinking funds. Director Quigley agreed with Director Palmer and noted that online tools for complicated funds and assets are very simple to use.

Tamara Baptista, Finance Manager, continued the budget presentation by noting the three Operating Budgets (Water Enterprise - Fund 100; State Water Facilities - Fund 110; and General Fund/Flood Control - Fund 200) and three Capital Budgets (Renewal/Replacement and System-wide Improvements - Fund 120; Expansion - Fund 130; and Flood Protection/Stormwater Drainage DIF - Fund 210). She said there had been meetings with the retailers on the drought surcharge, the Water Resources Committee on the CIP, a Finance Committee Meeting, a Special Board Meeting, and a meeting with the retailers on the proposed budget and the retailers had comments:

- Concerns with $3.3 million transfer from Fund 100 to Fund 120 to partially replenish reserves used for drought projects.

The $3.3 million is only a portion of the total drought emergency projects' cost and represents the current ratepayers' contribution. The projects will be completed soon and will benefit ratepayers. Expansion Fund 130 funds are also being used to benefit future users.

The retailers also had some preliminary comments on water rates:

- Keep 2015 treated water rate increase at or below CPI.
- Bring forward only one treated water rate recommendation to Board, and not multiple options.
- Exclude higher priced water from FY 14/15 budget; appropriate when Board approves transaction.

A $2.6 million increase for water purchases is in the FY 14/15 budget and the retailers would like Zone 7 to exclude this premium for water purchases from the FY 14/15 budget and instead ask for additional appropriations from the Board at the time staff is asking for approval for those water purchases.

- Make a commitment to base water rates on projected end-of-year actuals, not the fully funded budget.

This retailer comment refers to using projected or estimated actuals instead of budget numbers when setting Zone 7's water rate. The practice is to discount the following year's budget and use the projected year-end actuals or estimated actuals for the current year when we do set water rates.

Ms. Baptista discussed the individual funds and included information requested by the Directors at the June 2nd Finance Committee meeting.

Director Ramirez Holmes asked if a certain fund did not spend as much as was budgeted, does the extra go to reserves or carryover? Ms. Baptista gave an example and explained that carryover depends upon timing and if the difference is planned to be spent. Capital project money is not necessarily spent in the year it is budgeted, sometimes a project continues over multiple years, and that is why it is called carryover. Director Ramirez Holmes said that some of the retailer questions might be because we are budgeting for things that were not actually spent, are over budgeting or cost saving, and where those numbers appear. Director Figuers explained that reserves are a big checking account and the money stays there until it is spent and why the word "reserves" is confusing for the Directors.

Director Ramirez Holmes asked questions such as why Zone 7's budget has gone up $27 million in two years, She said the summary on the front of Agenda Item 8 is misleading and makes it sound like we are below our previous budget and on track but the numbers aren't the same as that explanation.
She feels there is a need to figure out how to explain the increase in the total budget the agency has had over several years and she asked that it be included in a finance discussion so the directors can be accountable for those numbers. She thanked the Finance staff for the additional information and for being a partner in getting the Board what they need to do their jobs as elected officials.

Director Quigley asked for retailer comments.

John Archer, Financial Services Manager, spoke to the Board regarding DSRSD's comments and said the letter is a culmination of discussions with staff primarily over rate setting. He said DSRSD is asking that Zone 7 not rush into rate setting and that sufficient time is allowed to review the numbers and discuss the impact they will have. The DSRSD letter is written on behalf of the District's ratepayers.

As a Certified Public Accountant, he said in the budget process, operating funds must be kept separate from capital funds. Carryovers have to do with capital plans and the operating funds are different. There are other ways to budget for capital funds.

He also noted that the summary on the agenda item showed that spending was going down and he agreed that, as a family of funds including the capital expenditures, it is going down but the spending for the operating fund is going up to cover the different contingencies and potentialities from the drought that are included. For clarification he recommended that staff change the presentation with the recommendation to work on the budget in between times, not ask staff to do it "on the fly" which doesn't usually work. Mr. Archer was asked to comment on the phrase "estimated actuals" and said that balance sheets are a snapshot in time usually at the end of a month or a time period. The income statement is continuous and cumulative to some point in time. Estimated actuals are projected year-end balances/results. Ms. Baptista is saying they took the numbers in the books through a point in time and projected what that balance would be based on what they know has been spent and will be spent. The retailers understand that reserves have to be refunded, they are just asking that it be planned and done over time or you take a rate that may jump up and down from year to year. DSRSD tries to use a five-year window because they had some significant increases in the past and the public can't plan and doesn't like it.

President Stevens said that the two agencies have different viewpoints and Zone 7 is thinking about drought next year. Mr. Archer agreed and said his forecast depends upon what happens with water rates. Director Figuers said he is going back to about the mid-70's and track the water rates because he wants to see how the rates have been changing over two droughts (1977 and the late '90's) and he wants to see how reserves reacted. He will also be tracking population and rainfall to show a complete history. Mr. Archer noted that reserves are like expenses and revenue, there are different classifications. Staff has the reserves broken down by classifications developed a couple of years ago based on recommendations, and reserves are tracked based on emergencies, contingencies and rate stabilization.

Dan Martin, City of Pleasanton, said the City of Pleasanton did not have a letter to the Board due to a lack of time to get the information to their elected officials after the meeting with staff last week. One of the challenges with this budget cycle has been that it was compressed. Zone 7 needs an operating budget before the end of the fiscal year but as retailers, they don't agree with all the components in it especially as they directly affect the rates which will be discussed in the next few months. There are too many unanswered questions, not enough data for representatives of Zone 7's customers and they don't see the justification yet. They are hopeful they can work through the issues with staff , but there are too many unknown factors and it feels like the worst case scenarios are assumed when we don't know where we will be three months from now. They are cautious about allowing the current budget to go through without review, maybe even an amended budget if appropriate, before we get into rate setting.

Darren Greenwood, City of Livermore, said Livermore agrees with the general comments in the DSRSD letter. They understand that things have to be covered in the budget for contingencies but piling those things on the water rates for a single year is not appropriate. Another issue is the capital repayment of $3.3 million since most of those projects are depreciated over a period of time and no need to pre-fund and pay back that reserve. Even without the transfer, the reserve in that capital fund is going to go up $2.2 million because it cuts through the expenditures and the extra million that is being put through the Asset Management Plan (AMP) transfer. Retailers have consistently commented on the $2.5 million component per year in that the AMP transfer is for system-wide improvement projects, basically unidentified projects that were not on the list of things that had to be replaced but for things that came up. If you have that extra money each year, it is difficult to see why in one year we need to pay back the money used by accelerating the well projects. They are looking for a commitment from the Board that staff will be directed to work with the retailers to make sure that the reserves are built up properly.

The recommended action was to adopt the proposed budget for FY 14/15 by approving the resolution.

Director Figuers moved and Director Quigley seconded the motion which was approved by a roll call vote of 6-0 with Director Machaevich absent.

Resolution No. 14-4375 Approved the budgets, including revenue, expenses and the use of fund balance for Fiscal Year 2014/15.

Item 9 - Retreat Agenda Discussion

Ms. Duerig told Board members that this item had been placed on the agenda at the request of President Stevens so the Board could discuss potential topics for the annual Workshop/Retreat. There had been suggestions such as what should be the role of committees. Director Figuers provided a range of options such as should the Finance Committee be more active and get more financial details or remain the same. Director Quigley asked about the Administration Committee and what its role should be. There is a wide variety of topics including subjects deferred from the last meeting asking staff to bring back a discussion on the watershed management planning effort; revisiting the Strategic Plan to see whether any priorities may have changed; improving organizational culture; training components such as Brown Act compliance or board/staff inter-relationships; and the venue for this year's retreat.

Concerns about the use of Director Greci's cabin, which he volunteered to save Zone 7 rental fees, were discussed but, due to a lack of wheelchair access, that location is not ideal. Ms. Duerig said the retreats were not held at Zone 7's office to keep staff's concentration focused on the retreat without interruptions.

Director Ramirez Holmes had suggestions for retreat topics. She said she attended a CSDA government training that included a module on "What Board Members Need to Know about Agency Finances" which was recommended as a discussion item for a retreat. She feels the subject of Zone 7 finances in terms of a better understanding of what they should be doing, tracking, and what they need to know while the Board decides the role of the Finance Committee, could be a subject for discussion at the retreat. Director Ramirez Holmes also suggested discussing the watershed investment. A work plan/calendar of standard upcoming deadlines (i.e., budget) with an estimate of time would help Board members know when something should be going to a committee or a board meeting for more advanced planning. More discussion on the structure of the committees would be valuable.

Director Quigley said he also is interested in discussing the watershed investment and a finance discussion. Because there were organizational changes and consolidations a few years ago at Zone 7, we have been without a Chief Finance Officer (CFO) and that may need to be revisited.

Director Greci reminded the Board that there isn't a lot of time for productive interactions during the retreat to discuss all these topics. He encouraged the Board members to think about the amount of time they want to spend on each topic to get the most out of it so issues are fully addressed and not cut short. He suggested the agenda be prioritized with the topics and time frames so items could be addressed properly and efficiently with constructive outcomes.

Director Ramirez Holmes asked if this discussion could be continued to the July meeting, especially due to the presence of a new Board member, so there is time to develop the agenda. President Stevens suggested not including a Strategic Planning update. He also thought watershed management planning should not be a part of the retreat discussion and maybe a separate sub-committee meeting could be planned. He proposed the following four items for the agenda: Board/staff interaction which will help the new Board member; the Board's role in financial matters; the role of the Finance Committee; and the idea of a new CFO.

Director Ramirez Holmes said there has been public comment and people want to know more about our goals and objectives for purchasing the Patterson Ranch property. Two months ago when there were comments, it was suggested it be discussed at the retreat. She said she and Director Quigley had requested a public presentation similar to what the Board had regarding the property and a one-page document of talking points about watershed protection at Zone 7. There were some things that have been delayed and, as contracts come up, they were told they would talk about it before the contract was renewed but the contracts were renewed anyway. She said the Board should start the conversation in the retreat.

Item 10 - Committees – Finance Committee, June 2, 2014- notes

Item 11 - Reports - Directors

a. Verbal comments by President

   President Stevens noted that his term as President is ending as of this meeting.

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

Item 12 - Items for Future Agenda - Directors

Item 13 - Staff Reports (Information items.)

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

Ms. Duerig reported that she received a message from Dr. Amparo Flores who attended the State Water Contractors' meeting the same day as this Board meeting. Dr. Flores said that DWR told the State Contractors today that they underbilled by $60 million so all could expect an adjustment to the Statement of Charges. This means that Zone 7 will likely be getting an extra bill for 2 percent, or $1.2 million, and there is no recourse. This is part of the reason why there is a high level of frustration in the way DWR manages their finances, their billing, their accounting and why the State Water Contractors have a group referred to as the Audit/Finance Group, but it is not a transparent process so there are surprises. Last year there was a huge credit, over $2 million, due to DWR having overcharged.

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

Item 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.

Item 15 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 10:56 p.m. and President Stevens reported there were no reportable actions taken in closed session.

Item 16 - Adjournment

The meeting was adjourned at 10:57 p.m.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: July 16, 2014 ITEM NO. 3

SUBJECT: Reorganization of the Board

SUMMARY:

- The Board will discuss and select a President and Vice-President to serve for the next year.
- Once the President is selected, s/he immediately assumes the role and may make committee assignments either at this meeting or in the future. A copy of the June 2014 list of committee assignments is attached.

RECOMMENDED ACTION:

- Take steps to reorganize the Board, as described above.

Zone 7 Board Committees

June 2014

Administrative Committee - This committee reviews administrative topics, space and major administrative facility needs, achieving improved administrative efficiencies and safety and security issues.

Bill Stevens
Sarah Palmer
John Greci

Liaison Committee - This committee meets to discuss topics of mutual interest to Zone 7, its retail water agencies and the cities.

Sarah Palmer
Bill Stevens
Angela Ramirez Holmes

Finance Committee - This committee reviews budgets, proposed financial plans, proposed rate increases, proposed connection charge increases and other related topics for the Zone prior to submission to the Board

Sandy Figuers
Sarah Palmer
Angela Ramirez Homes

Water Resources Committee - This committee addresses both water and flood control issues; it has recently focused on integrated use of water resource facilities such as watershed management, multi-benefits of the arroyos and uses for the Chain of Lakes area, as well as Delta improvements and Bay-Delta Conservation Planning issues.

John Greci
AJ Machaevich
Bill Stevens

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ORIGINATING SECTION: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: July 16, 2014 ITEM NO. **6a**

SUBJECT: Resolution of Commendation for Retiring Board Member AJ Machaevich

SUMMARY:

AJ Machaevich served on the Zone 7 Water Agency Board of Directors from 2010 to 2014. His term officially ended on June 30th. Staff recommend that the Board adopt the attached resolution commending Mr. Machaevich for his years of valuable public service as a Zone 7 Board member.

FINANCIAL:

None.

RECOMMEND ACTION:

Adopt resolution of commendation for Mr. Machaevich.

Zone 7 Water Agency
Board of Directors

Resolution No.

WHEREAS, AJ Machaevich served the citizens of the Livermore-Amador Valley with great distinction as a Director on the Zone 7 Board from 2010 through 2014; and

WHEREAS, Mr. Machaevich's financial acumen, knowledge of governmental principals and service on Zone 7's Finance Committee have provided invaluable contributions to the Agency in matters of improving budget transparency, fiscal management, responsibility and sustainability, as well as establishing appropriate levels of reserves and enhancing accountability to the public; and

WHEREAS, Mr. Machaevich's technical background and sensitivity to the community's interests in having a reliable, high quality water, as well as service on Zone 7's Water Resources Committee have provided level-headed, invaluable contributions to the Agency in matters of watershed stewardship and planning for future capital project investments such as ozone; and

WHEREAS, as a member of the Zone 7 Board of Directors, Mr. Machaevich always exemplified the highest ethical standards in his service to the community;

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

Adopted by Unanimous Vote on July 16, 2014

____

John Greci, 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: July 16, 2014 ITEM NO. **7a**

SUBJECT: May Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in June and selected the Employee of the Month for May 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.

Tim Brown, Facilities Maintenance & Construction Supervisor, has been chosen from among those nominated as the May 2014 Employee of the Month. Tim works in the Maintenance section at the Del Valle Water Treatment Plant.

Tim leads the electrical, instrumentation and control group of the Maintenance Department. In his nomination, it was noted that Tim serves as an important resource to Zone 7 on electrical work. His extensive electrical experience has benefited the Agency as he has taken the lead in working with electrical engineering consultants on capital projects. Due to his expertise, he is often able to help with the design of smaller projects without a consultant.

Tim has provided assistance on projects (including setting up the new Del Valle Water Treatment Plant centrifuge) and led the efforts to rehabilitate the DVWTP caustic soda mechanical and electrical systems. Tim has also been key in developing the planned VFD system for the MGDP brine pumps and the planned electrical systems for the PPWTP Ferric-Caustic Separation Project currently under construction.

Overall, Tim is able to work effectively with many different personalities to get the job done in a professional manner and his dedication and expertise have been a great benefit to the Agency.

The committee seconded the recommendation and recognized Tim 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 Tim Brown as May 2014 Employee of the Month.

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

ORIGINATING SECTION: FLOOD PROTECTION
CONTACT: JOE SETO / LARRY AKINSIKU

AGENDA DATE: July 16, 2014 ITEM NO. **8**

SUBJECT: Contract for Weed Control Spraying Services

SUMMARY:

- This item was first presented at the April 2014 meeting and was continued to May in response to a bid protest received from a bidder. The item was then pulled from the May 2014 agenda per General Counsel's recommendation to allow additional time for a more thorough review of the protest. Staff has reviewed the protest and recommends awarding the contract to Livermore Area Recreation and Park District (LARPD).
- In March 1998, Zone 7 entered into an agreement with the Alameda County Public Works Agency (County) to provide labor, material, and equipment for certain flood control routine maintenance and emergency services on a time and material basis to address our weed control spraying and other maintenance needs.
- In July 2013 the Board authorized a one year contract extension with the County to provide these services for an amount not-to-exceed $400,000 for the period ending June 30, 2014 and directed staff to explore ways to procure locally to provide cost effective and timely service.
- In accordance with established procedures, staff issued a Request for Proposals for Weed Control Spraying Services. Ten firms attended the mandatory pre-bid meeting. On March 28, 2014, proposals were received from six firms.
- A Proposal Evaluation Team comprised of Zone 7 staff scored and ranked the proposals based on pre-determined scoring criteria. LARPD was determined to be the most suitable entity to provide these services to Zone 7.
- The Contract will allow for extensions for up to two additional one-year periods (FY 2015/16 and FY 2016/17) with provisions for adjustments of unit bid prices based on changes in the Engineering News Record Construction Cost Index as published by McGraw-Hill Publishing Company (ENR Index).
- Based on unit prices in LARPD's proposal, staff recommends executing a contract with LARPD for weed control spraying in an amount not-to-exceed $250,000 for FY 14/15.

FUNDING: Funding is budgeted and available from Fund 200 – Flood Protection Operations.

RECOMMENDED ACTION: Adopt attached resolution authorizing the General Manager to: negotiate and execute a contract with LARPD in an amount not-to-exceed $250,000 for the first year for weed control spraying services; issue change orders as and when needed in an amount not-to-exceed $25,000 annually; extend the contract for up to two additional one-year periods adjusting the unit bid prices in accordance with the Contract Documents plus change orders up to 10% per year based on the annual contract amount.

ATTACHMENTS:

1. Memo providing additional background on agenda item
2. Resolution

Interoffice Memo

Date: July 16, 2014
To: Jill Duerig, General Manager
From: Joe Seto/Larry Akinsiku
Subject: Contract for Weed Control Spraying Services

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

BACKGROUND:

In March 1998, Zone 7 entered into a formal agreement with Alameda County Public Works Agency (County) to secure labor, material, and equipment for flood control routine maintenance and emergency services on a time and material basis to address Zone 7's weed control spraying and other maintenance needs with the General Manager authorized to renew the agreement each subsequent year.

In April 2003, the Board approved a modification to the agreement increasing the annual amount from $300,000 to $400,000 per year to account for an increase in the amount of flood control property requiring maintenance, and increases in labor, material and equipment costs. The Board also authorized the General Manager to approve and execute subsequent agreement extensions up to $400,000 per year.

In July 2013, the Board authorized the General Manager to execute a one year agreement extension with the County for flood control maintenance services on an as needed basis in an amount not-to-exceed $400,000 for the period ending June 30, 2014 and directed staff to see if the services could be procured locally to provide cost effective and timely service.

The existing services contract with the County expired on June 30, 2014. The majority of the services provided by the County under this contract are for vegetation spraying (weed control) in and along Zone 7 flood control facilities. In addition to spraying, the contract provides resources for various maintenance activities including mechanical vegetation trimming and removal along property lines, debris and trash removal, homeless encampment cleanups, graffiti removal, drain inlets and concrete swale cleaning, and providing heavy equipment such as a dump truck when required.

Zone 7 has an ongoing need for weed control spraying services in our flood protection facilities and the Chain of Lakes area in order to properly manage and maintain the facilities. In general, the scope of work for Weed Control Spraying Services includes the follows:

	Type of Treatment	Typical Spray Period	Approximately Quantity of Area
1	Pre-emergent application on channel access roads and Chain of Lakes access roads	Between December and January	250 Acres
2	Non-native broadleaf plant control application on channel bank slopes	Between April and May	300 Acres
3	Aquatic plant control application on channel bottom	Between July and September	200 Acres
4	Fence line/concrete lined channel treatment application	Between February and September	10 Miles

DISCUSSION:

On March 7, 2014, staff issued a Request for Proposals (RFP) (No. 237-14) for Weed Control Spraying Services to replace the vegetation spraying services currently provided by the County. The RFP was advertised two separate times in a local newspaper and posted on the District website. In addition, staff reached out to other landscape spraying contractors that may be interested to make them aware of the RFP. Of the ten firms that attended the mandatory pre-bid meeting, the following six firms submitted proposals on March 28, 2014:

1. Quality Sprayers, Inc. (Long Beach/Sacramento)
2. Custom Agronomic Solutions (Sacramento)
3. Pacheco Brothers Gardening, Inc. (Hayward)
4. Livermore Area Recreation and Park District (Livermore)
5. California Reforestation, Inc. (Sonora)
6. DeAngelo Brothers Inc. (Pennsylvania/Sacramento)

A RFP Evaluation Team made up of five Zone 7 staff scored and ranked the proposals based on pre-determined criteria. Because of the sensitive nature of the work, spraying on public trails and adjacent to private property, and the regulatory compliance requirements necessary to operate under our permits, the selection was not based on cost alone. The criteria used to rank the firms included:

- Qualifications, experience, capacity and appropriate licenses of primary personnel to be assigned to the project;
- Service approach/work plan;
- Past performance on projects of similar scope and size;
- Quality and comprehensiveness of the proposal; and
- Price.

Based on the evaluation of the proposals, Livermore Area Recreation and Park District (LARPD) received the highest ranked score and was determined to be the most suitable entity to provide these services to Zone 7. LARPD's proposal received high ratings because of the following reasons:

- Experience in complying with various regulatory agencies' requirements;
- Successful regulatory compliance track record;
- Extensive experience in serving the public around trails and open space;
- Having an established safety program and procedures while operating in areas where public users are present;
- Understanding the responsibility and obligations of public entities and the needs of the local community;
- Demonstrating a good understanding of Zone 7's needs

This item was first presented at the April 2014 meeting and was continued to May in response to a bid protest which was received from a bidder. The item was then pulled from the May 2014 agenda per General Counsel's recommendation to allow additional time for a more thorough review of the protest. Staff and Counsel have reviewed the protest and recommend awarding the contract to LARPD as the bidder determined to be able to provide the best service to Zone 7 at a reasonable price. The protest questioned LARPD's authority to perform this work given their Sphere of Influence as well as the cost and other issues. Zone 7's General Counsel has reviewed the Sphere of Influence claim and determined that LARPD has the authority to perform this work for Zone 7.

Based on the unit prices provided in LARPD's proposal, staff recommends a contract in an amount not-to-exceed $250,000 for FY 2014/15 for this contract. The Contract will allow payment to LARPD, the Contractor, for labor, equipment and supplies used based on time and materials unit prices provided in LARPD's proposal. The Contract will allow for extensions for up to two additional one-year periods (FY 2015/16 and FY 2016/17) with provisions for adjustments of unit bid prices based on changes in the Engineering News Record Construction Cost Index as published by McGraw-Hill Publishing Company (ENR Index).

FUNDING:

Funding for this contract is budgeted and available from Fund 200 – Flood Protection Operations.

RECOMMENDATION:

Staff recommends that the Board authorize the General Manager to:

- Negotiate and execute a contract with LARPD in an amount not-to-exceed $250,000 for FY 2014/15 for weed control spraying services;
- Issue change orders as and when needed in an amount not-to-exceed $25,000 annually;
- Extend the contract for up to two additional one-year periods and adjust the unit bid prices in accordance with the Contract Documents.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Weed Control Spraying Services Contract

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District has a need to contract for weed control spraying services for flood protection facilities and the Chain of Lakes area; and

WHEREAS, on March 7, 2014, staff issued a Request for Proposals (RFP) for Weed Control Spraying Services in accordance with established procedures; and

WHEREAS, on March 28, 2014, proposals were submitted by six firms; and

WHEREAS, the proposals were scored and ranked based on pre-determined criteria and the Livermore Area Recreation and Park District was determined to be the most suitable firm to provide these services to Zone 7.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute a contract with Livermore Area Recreation and Park District in an amount not-to-exceed $250,000 for FY 2014/15 for weed control spraying services; and

BE IT FURTHER RESOLVED that the General Manager be authorized to negotiate and issue change orders as and when needed in an amount not to exceed $25,000 per year; and

BE IT FURTHER RESOLVED that the General Manager be authorized to extend the contract for up to two additional one-year periods and adjust the Contract Unit Prices in accordance with the Contract Documents and execute the contracts.

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 July 16, 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: July 16, 2014 **ITEM NO. 12a**

SUBJECT: GENERAL MANAGER'S REPORT

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

Environmental & External Affairs:

- A golden eagle nest was found along Tassajara Creek above Gleason Drive in Dublin just a short distance from Zone 7-owned property. Staff reviewed best management practices and determined that mowing the tall grasses within our property in the vicinity must be delayed until the chick fledges.

- Within the Arroyo Mocho - Stanley Reach restoration project, the burnt area remained scorched but Living Arroyos staff continued to water the oaks and willows throughout the month in the hope of salvaging the plantings. By the end of the month, staff observed that a majority of the oak seedlings have, in fact, re-sprouted.

- Dr. David Sunding, an economics professor at UC-Berkeley, gave a presentation at June's Water Law conference in San Diego on costs of constructing the alternative Delta conveyance (commonly referred to as the "tunnel project"). A copy of his presentation is available at http://baydeltaconservationplan.com/Libraries/Dynamic_Document_Library/BDCP_Costs_and_Economic_Evaluation_Presentation-David_Sunding_6-20-14.sflb.ashx.

Finance & Administration

- Staff attended the American Water Works Association's Whole Water Conference and made a presentation as part of a panel discussion on drought planning.

- Livermore-Pleasanton Fire Department conducted its Fire Safety Inspection at North Canyons on June 10th. No violations were reported.

- Due to the increased drought workload this summer (for monitoring the groundwater basin, addressing rebate requests, tracking financial impacts and other temporary tasks), the intern program has been expanded for the summer. This allows interns to receive great on-the-job training while providing existing staff with needed temporary assistance at a reasonable cost.

Engineering and Flood Control:

- Staff inspected and measured water levels in three Tracy Groundwater Basin wells during June. 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.

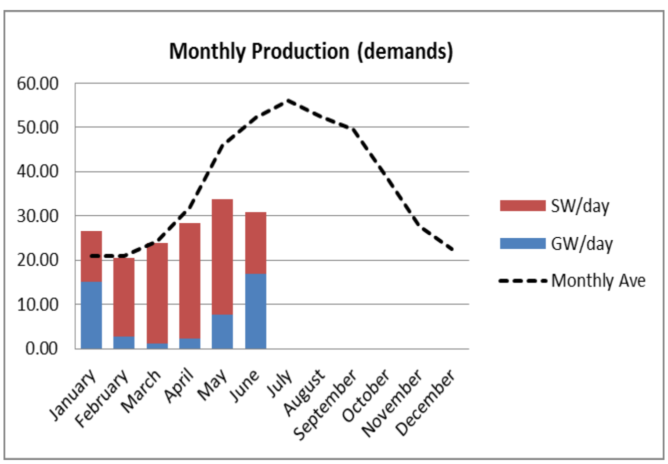
Operations and Maintenance:

- Staff worked together to repair a relatively large sinkhole which appeared adjacent to Cope Lake.

- With this year's reduction in available surface water supplies from the State Water Project (i.e., water conveyed to the Livermore-Amador Valley from Lake Oroville through the Delta), the plants are 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.

- Backwash frequency at both water treatment plants was reduced but coagulant demands remained high so chemical dosages and sludge production were almost double typical summer amounts for the amount of water being processed.

- With the reliance on the groundwater basin needed by the reduction in surface water availability, staff estimate that there are currently about 78,000 acre feet of water still stored in the Main Groundwater Basin, which corresponds to about 61% of operational storage (down about 4,000 AF since the 82,000 AF estimate on April 11, 2014).



Monthly List of GM Contracts

June 2014

Contracts:

Horizon Water and Environment	$36,000	Stream Maintenance Permitting - Strategy and Scoping
Health-Metrics, Inc.	5,000	Onsite Hearing and Medical Respirator Testing
Total June 2014	$41,000	

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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ORIGINATING DIVISION: ADMINISTRATIVE SERVICES
CONTACT PERSON: JAVIA GREEN

AGENDA DATE: July 16, 2014 ITEM NO. **12b**

SUBJECT: Monthly Budget Report

SUMMARY:

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

- For all the funds except for Fund 100 and 130, expenses currently exceed revenue. When expenses exceed revenue, reserves are used. For example, Fund 110 - State Water Project receives the bulk of property tax revenue in November and April, while the majority of payments to the Department of Water Resources (DWR) are processed monthly.

- Year-to-date (YTD) payroll expenses for all funds are reported through the pay period ending 6/7/14. This represents eleven and a half months of expenses or approximately 93% of the fiscal year. Payroll costs are not automatically captured by New World, causing timing differences in the posting of payroll charges. Instead, labor is imported from two separate systems: the County's financial system (Alcolink) and Zone 7's cost system. Zone 7 must depend on the County's system until separation.

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

- The attached Annual Budget by Account Classification report provides the FY 12/13 Budget for comparison purposes. FY 12/13 Actuals are not included in this report because the data is not available in the new financial system. The FY 13/14 Budget shown is the adopted budget plus $21.9M in project & encumbrance carryovers and additional appropriations.

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

- The period of July 1, 2013 through June 30, 2014 represents the entire fiscal year. However, by June we typically expect anywhere between 90% - 95% of projected expenses have been spent, representing about eleven months of expenses, and not twelve months. This is because services rendered/goods purchased in June would typically be invoiced and paid for in July.

- The information in the following tables summarizes, by fund, the attached Annual Budget by Account Classification Report (produced in New World) and includes FY 12/13 audited actuals from the former financial system (Fundware).

Water Enterprise Fund – Fund 100 (formerly Fund 52)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 39,469,514	$ 37,884,745	$ 33,738,509	89%
Expenses	$ 35,262,653	$ 42,779,364	$ 32,002,469	75%

This fund provides financing for the acquisition and conveyance of raw water, treatment and delivery to the Zone 7 service area. The primary source of revenue for this fund is water sales. From July 1, 2013 through May 2014, 34,326 acre-feet of treated water has been sold, resulting in actual revenue of $32.3M. This represents 86% of the budget for the entire fiscal. June water sales revenue is not reported because the meter reading data that generates the monthly water billing was not available at the time of this report. An additional $1.4M of revenue is from untreated water sales, grant proceeds, refunds from DWR, investment earnings and other miscellaneous sources. Zone 7 does not budget for grant revenue because grant funding is not always guaranteed. Refunds from DWR are from prior-year adjustments that are unknown at the time of budget development.

Chemicals and imported water expenses are low because Zone 7 produced more groundwater than surface water during the first half of the fiscal year. Expenses such as other services/supplies and training are under budget in an effort to reduce discretionary spending. Maintenance and professional services are lower because of their as-needed/seasonal nature.

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

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 12,040,842	$ 13,798,385	$ 12,970,735	94%
Expenses	$ 14,002,380	$ 14,118,181	$ 14,348,312	102%

This is a pass-through fund for fixed charges associated with the State Water Project, assessed as a property tax override. YTD property tax revenue represents 90% of the budget for the entire fiscal year. YTD revenue also includes a $1.4M refund from DWR and $1.2M for the Dougherty Valley Surcharge.

YTD expenses reflect payments to DWR for fixed costs (capital and O&M), including, the second installment of the South Bay Aqueduct (SBA) Improvement and Enlargement debt payment. The rest of the year's activities will include the fourth quarter transfer from Fund 130 to cover new development's share of DWR fixed costs.

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

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 7,347,879	$ 8,831,962	$ 6,812,705	77%
Expenses	$ 4,100,242	$ 25,904,419	$ 13,433,163	52%

This fund pays for capital projects addressing the replacement and improvement of the current water treatment and delivery system. The primary source of funding is a transfer from Fund 100 – Water Enterprise. YTD revenue includes Dougherty Valley Facility Use Fees and the quarterly transfers from Fund 100. The 4th quarter transfer has not been posted yet.

Expenses reflect capital project activities, including the DVWTP Sludge Handling, Superpulsator Rehabilitation and Chemical System Improvement projects, well repairs, drought emergency projects and watershed investments.

Water Expansion – Fund 130 (formerly Fund 73)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 29,176,830	$ 20,948,165	$ 22,347,235	107%
Expenses	$ 18,814,437	$ 26,785,618	$ 21,052,444	79%

This fund is intended to provide funding for new facilities and supplies to meet the demands of new development. The primary source of revenue is connection fees. $19.7M in connection fee revenue has been received, exceeding the budget for the entire fiscal year. A total of 221 connection fee credits have been used totaling $5.3M, while 449 credits remain outstanding, valued at $10.8M at the 2014 connection fee level (see Chart 1 attached). Other revenue totaling $2.6M includes refunds from DWR and interest earnings.

Expenses reflect the interest on the ISA, watershed investments, and the SBA Improvement & Enlargement and Cawelo debt payments and drought emergency project expenses.

Flood Protection Operations – Fund 200 (formerly Fund 50)

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 6,151,496	$ 6,200,347	$ 6,108,455	99%
Expenses	$ 5,355,914	$ 25,948,108	$ 14,949,329	58%

This fund provides funding for general administration and the maintenance and improvement of the existing flood protection system. The primary source of revenue is property taxes. Property tax revenue totaling $5.7M has been posted, representing 97% of the budget for the entire fiscal year.

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

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

Category	12/13 Audited Actual	13/14 Budget	13/14 YTD Actual	% Used/Received
Revenue	$ 5,180,104	$ 2,632,000	$ 2,739,704	104%
Expenses	$ 1,227,729	$ 7,440,315	$ 3,977,476	53%

This fund provides funding for flood protection facilities required for new development. The primary source of revenue is development impact fees. YTD revenue includes $2.6M in development impact fee revenue, exceeding the projection for the entire fiscal year.

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

RECOMMENDED ACTION:
Information only.

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

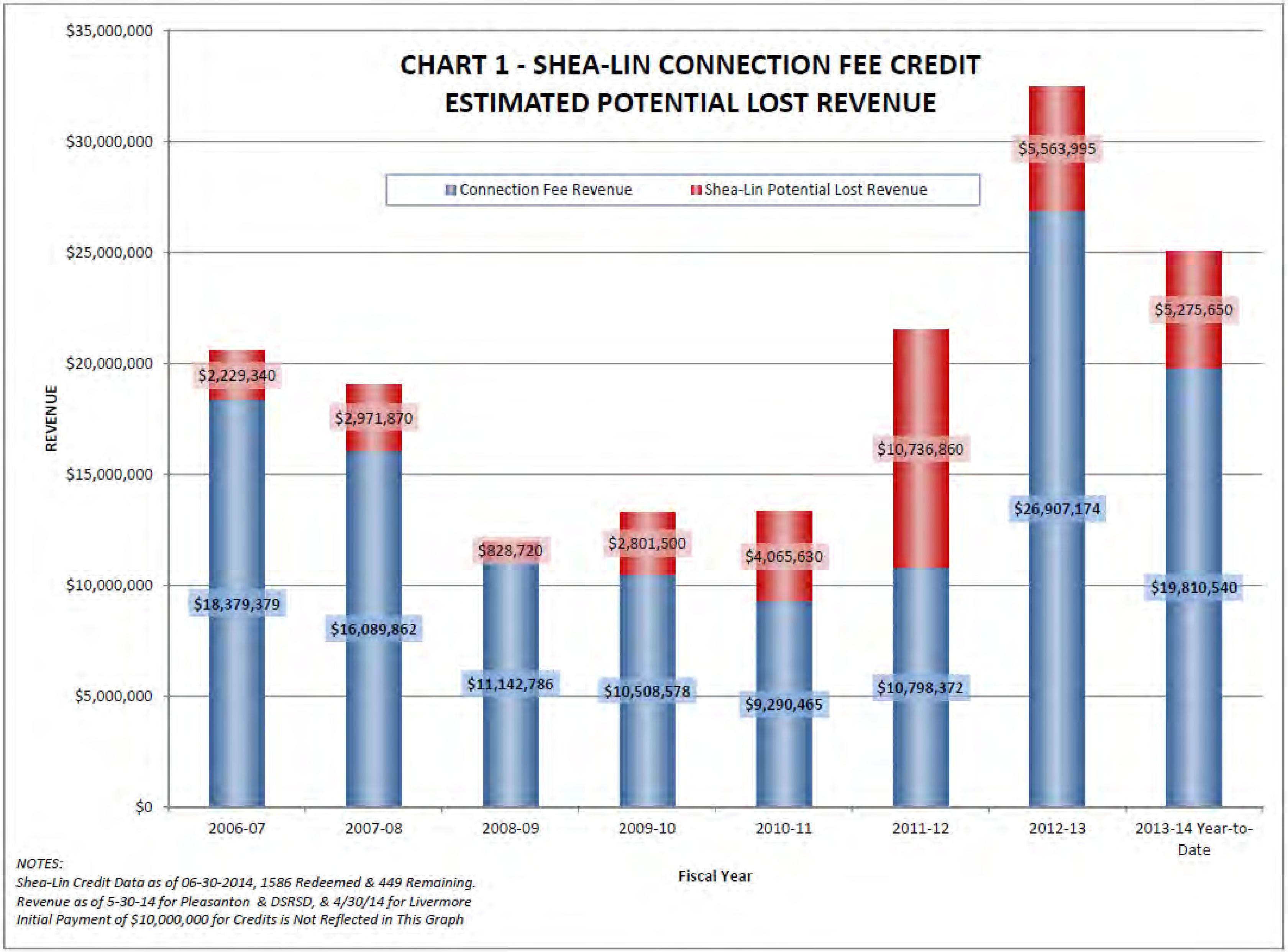


CHART 1 - SHEA-LIN CONNECTION FEE CREDIT
ESTIMATED POTENTIAL LOST REVENUE
Connection Fee Revenue
Shea-Lin Potential Lost Revenue
REVENUE
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
$2,229,340
$18,379,379
$2,971,870
$16,089,862
$828,720
$11,142,786
$2,801,500
$10,508,578
$4,065,630
$9,290,465
$10,736,860
$10,798,372
$5,563,995
$26,907,174
$5,275,650
$19,810,540
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14 Year-to-Date
Fiscal Year
NOTES:
Shea-Lin Credit Data as of 06-30-2014, 1586 Redeemed & 449 Remaining.
Revenue as of 5-30-14 for Pleasanton & DSRSD, & 4/30/14 for Livermore
Initial Payment of $10,000,000 for Credits is Not Reflected in This Graph

ZONE 7 WATER AGENCY

Annual Budget by Account Classification Report

Budget Summary

	FY 13/14 Budget	FY 13/14 YTD Actual	% Used/Rec
FUND: 100 Water Enterprise Operations			
Revenue			
411 - Water Sales & Service	$37,664,745.00	$32,907,943.32	87%
441 - Charges for Services	$0.00	$2,442.85	-
452 - Aid from Governmental Agencies - State	$700.00	$300,198.73	42886%
461 - Investment Earnings	$95,000.00	$60,508.24	64%
462 - Rents and Royalties	$31,000.00	$63,691.20	205%
464 - Fines and Penalties	$0.00	$216.50	-
481 - Other Revenue	$93,300.00	$403,508.53	432%
Revenue Totals	$37,884,745.00	$33,738,509.37	89%
Expenditures			
511 - Personal Services - Salaries and Wages [1]	$13,325,249.00	$10,229,446.33	77%
512 - Personal Services - Overtime [1]	$206,778.00	$144,620.52	70%
513 - Personal Services - Benefits [1]	$6,388,757.00	$5,520,997.94	86%
600 - Labor & Overhead Distributed [2]	($7,803,870.00)	($3,866,336.81)	50%
611 - Purchased Services	$4,503,032.00	$2,439,142.11	54%
621 - Water	$6,964,912.00	$4,663,313.05	67%
631 - Chemicals	$2,841,522.00	$1,712,335.79	60%
641 - Utilities	$1,829,570.00	$1,809,635.17	99%
643 - Communications	$175,014.00	$140,365.21	80%
651 - Cleaning Services	$48,835.00	$40,753.61	83%
652 - Repairs and Maintenance	$2,551,870.00	$1,389,114.49	54%
653 - Rental Services	$108,650.00	$78,874.69	73%
661 - General Office Services/ Supplies	$617,065.00	$312,120.57	51%
662 - Organizational Membership/ Participation	$520,283.00	$343,310.38	66%
665 - Other Services/ Supplies	$780,206.00	$230,520.34	30%
667 - Training and Travel	$394,220.00	$122,957.10	31%
669 - Special Departmental Expense	$794,772.00	$299,364.85	38%
671 - Equipment, Furniture and Vehicles	$32,499.00	$16,933.80	52%
691 - Transfers	$8,500,000.00	$6,375,000.00	75%
Expenditure Totals	$42,779,364.00	$32,002,469.14	75%
FUND Total: Water Enterprise Operations	($4,894,619.00)	$1,736,040.23	-35%

FUND: 110 State Water Facilities			
Revenue			
411 - Water Sales & Service	$1,299,710.00	$1,252,533.41	96%
421 - Property Taxes	$11,247,000.00	$10,144,724.67	90%
452 - Aid from Governmental Agencies - State	$45,000.00	$38,396.38	85%
453 - Aid from Governmental Agencies - Local	$611.00	$1,770.32	290%
461 - Investment Earnings	$16,522.00	$94,840.55	574%
464 - Fines and Penalties	$0.00	$4.65	-
481 - Other Revenue	$1,189,542.00	$1,438,464.80	121%
Revenue Totals	$13,798,385.00	$12,970,734.78	94%
Expenditures			
621 - Water	$14,118,181.00	$14,348,312.04	102%
Expenditure Totals	$14,118,181.00	$14,348,312.04	102%
FUND Total: State Water Facilities	($319,796.00)	($1,377,577.26)	431%

ZONE 7 WATER AGENCY

Annual Budget by Account Classification Report

Budget Summary

	FY 13/14 Budget	FY 13/14 YTD Actual	% Used/Rec
FUND: 120 Water Enterprise Capital IR&R			
Revenue			
431 - Development Fees	$250,000.00	$402,268.21	161%
441 - Charges for Services	$7,500.00	$495.00	7%
461 - Investment Earnings	$74,462.00	$34,941.47	47%
499 - Transfers	$8,500,000.00	$6,375,000.00	75%
Revenue Totals	$8,831,962.00	$6,812,704.68	77%
Expenditures			
600 - Labor & Overhead Distributed[1]	$0.00	$1,370,026.63	-
611 - Purchased Services	$192,728.00	$797,233.10	414%
643 - Communications	$0.00	$89.58	-
653 - Rental Services	$0.00	$541,035.73	-
661 - General Office Services/ Supplies	$0.00	$6,061.26	-
665 - Other Services/ Supplies	$0.00	$19,042.94	-
667 - Training and Travel	$0.00	$34.54	-
669 - Special Departmental Expense[3]	$20,491,758.00	$0.00	0%
671 - Equipment, Furniture and Vehicles	$76,281.00	$259,869.39	341%
672 - Land and Facility Improvements	$5,143,652.00	$10,432,490.99	203%
Expenditure Totals	$25,904,419.00	$13,433,163.36	52%
FUND Total: Water Enterprise Capital IR&R	($17,072,457.00)	($6,620,458.68)	39%

FUND: 130 Water Enterprise Cap Expansion			
Revenue			
431 - Development Fees	$18,400,000.00	$19,715,380.85	107%
461 - Investment Earnings	$166,565.00	$108,159.34	65%
481 - Other Revenue	$2,381,600.00	$2,523,695.20	106%
Revenue Totals	$20,948,165.00	$22,347,235.39	107%
Expenditures			
600 - Labor & Overhead Distributed[1]	$0.00	$382,087.71	-
611 - Purchased Services	$202,751.00	$826,749.92	408%
621 - Water	$18,654,187.00	$17,762,967.50	95%
643 - Communications	$0.00	$60.01	-
653 - Rental Services	$0.00	$418,577.19	-
661 - General Office Services/ Supplies	$0.00	$45.22	-
662 - Organizational Membership/ Participation	$0.00	$18,335.40	-
665 - Other Services/ Supplies	$0.00	$324.40	-
667 - Training and Travel	$0.00	$14.80	-
669 - Special Departmental Expense[3]	$7,194,197.00	$29,229.15	0.41%
671 - Equipment, Furniture and Vehicles	$6,377.00	$19,377.01	304%
672 - Land and Facility Improvements	$478,106.00	$1,530,842.03	320%
675 - Debt Service	$250,000.00	$63,833.47	26%
Revenue Totals:	$20,948,165.00	$22,347,235.39	107%
Expenditure Totals	$26,785,618.00	$21,052,443.81	79%
FUND Total: Water Enterprise Cap Expansion	($5,837,453.00)	$1,294,791.58	-22%

ZONE 7 WATER AGENCY

Annual Budget by Account Classification Report

Budget Summary

	FY 13/14 Budget	FY 13/14 YTD Actual	% Used/Rec
FUND: 200 Flood Protection Operations			
Revenue			
421 - Property Taxes	$5,979,557.00	$5,774,773.09	97%
441 - Charges for Services	$3,000.00	$53,333.85	1778%
452 - Aid from Governmental Agencies - State	$54,000.00	$25,921.45	48%
453 - Aid from Governmental Agencies - Local	$690.00	$6,818.39	988%
461 - Investment Earnings	$110,600.00	$28,244.15	26%
462 - Rents and Royalties	$17,500.00	$55,873.52	319%
464 - Fines and Penalties	$0.00	$4.03	-
481 - Other Revenue	$35,000.00	$146,336.87	418%
491 - Other Financing Sources	$0.00	$17,150.00	-
Revenue Totals	$6,200,347.00	$6,108,455.35	99%
Expenditures			
600 - Labor & Overhead Distributed[1]	$2,100,065.00	$1,831,232.01	87%
611 - Purchased Services	$2,720,461.00	$597,223.59	22%
643 - Communications	$2,239.00	$1,143.70	51%
651 - Cleaning Services	$10,000.00	$5,450.23	55%
652 - Repairs and Maintenance	$5,291,743.00	$1,261,334.10	24%
653 - Rental Services	$145,500.00	$139,741.09	96%
661 - General Office Services/ Supplies	$19,550.00	$11,273.46	58%
662 - Organizational Membership/ Participation	$141,084.00	$14,212.50	10%
665 - Other Services/ Supplies	$28,400.00	$10,981.78	39%
667 - Training and Travel	$30,900.00	$2,355.80	8%
669 - Special Departmental Expense[3]	$13,333.00	$9,999.99	75%
672 - Land and Facility Improvements	$15,444,833.00	$11,064,380.96	72%
Expenditure Totals	$25,948,108.00	$14,949,329.21	58%
FUND Total: Flood Protection Operations	($19,747,761.00)	($8,840,873.86)	45%
FUND: 210 Flood Protection/Drainage DIF			
Revenue			
431 - Development Fees	$2,500,000.00	$2,649,526.64	106%
461 - Investment Earnings	$132,000.00	$61,617.66	47%
481 - Other Revenue	$0.00	$28,560.00	-
Revenue Totals	$2,632,000.00	$2,739,704.30	104%
Expenditures			
600 - Labor & Overhead Distributed[1]	$0.00	$289,191.91	-
611 - Purchased Services	$184,493.00	$163,845.53	89%
643 - Communications	$0.00	$7.39	-
653 - Rental Services	$0.00	$119,593.44	-
665 - Other Services/ Supplies	$0.00	$722.75	-
669 - Special Departmental Expense[3]	$3,554,816.00	$0.00	0%
672 - Land and Facility Improvements	$3,701,006.00	$3,404,115.27	92%
Expenditure Totals	$7,440,315.00	$3,977,476.29	53%
FUND Total: Flood Protection/Drainage DIF	($4,808,315.00)	($1,237,771.99)	26%
Revenue Grand Totals:	$90,295,604.00	$84,717,343.87	94%
Expenditure Grand Totals:	$142,976,005.00	$99,763,193.85	70%
Net Grand Totals:	($52,680,401.00)	($15,045,849.98)	29%

Notes:

1. Agency-wide salaries, wages, overtime and benefits are budgeted in Fund 100, then distributed to other funds based on assignments and work demands.

2. This is a credit to Fund 100 for salaries, wages, overtime and benefits charged to other funds.

3. Capital project expenses are budgeted in just a few accounts. Actual project expenses are reported in the appropriate expense account, as spent.

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: July 16, 2014 ITEM NO. **12c**

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of Agency consultants, monitors legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.
- The state's $156.3 billion budget took effect July 1 after Governor Brown signed a series of bills in June. One key change is that the state's Drinking Water Program was officially moved to the State Water Resources Control Board from the Department of Public Health.
- The new budget allocates $21 million for the Department of Water Resources and the State Water Resources Control Board for groundwater monitoring, management and enforcement. Two bills are pending in the Legislature related to groundwater, SB 1168 (Pavley, D-Agoura Hills) and AB 1739 (Dickinson, D-Sacramento). Both cleared key committees in June. The authors are working together as well as with stakeholders such as ACWA. The focus of both is on assuring sustainable groundwater management of active basins.
- One water bond bill (SB 848, Wolk) failed to receive the necessary two-thirds vote in the Senate. It is eligible for reconsideration. After the Senate vote, Governor Brown declared that he opposed the existing $11.14 billion water bond on the November ballot and thought a new bond should be $6 billion, including $2 billion for storage as opposed to $3 billion in the existing bond and several bond bills pending in the Legislature. Wolk's legislation totals $10.5 billion after an amendment boosted the amount for storage to $3 billion. After the governor set out his views, bond negotiations intensified before breaking down. Assembly Speaker Toni Atkins said on July 1 there would be no bond before the one-month recess. Negotiations are expected to continue during the recess.
- The Senate Agriculture Committee unanimously passed AB 2402 (Buchanan, D-Alamo) that would appropriate $2.5 million annually from the general fund for control of noxious weeds. It was referred to the Appropriations Committee.
- The Legislature started its summer recess on July 4. Members will return August 4.

RECOMMENDED ACTION: Information only

EXECUTIVE SUMMARY
State Legislation

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

July 16, 2014

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/30/2014
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 $8,200,000,000 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 06/30/2014
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 $10,500,000,000 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 Floor
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

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/30/2014
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
SCA 11 (Hancock)	Local government: special taxes: voter approval	The California Constitution conditions the imposition of a special tax by a local government upon the approval of 2/3 of the voters of the local government voting on that tax, and prohibits a local government from imposing an ad valorem tax on real property or a transactions tax or sales tax on the sale of real property. This measure would instead condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition.	Watch	Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/30/2014
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
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	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 Appropriations
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 Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/30/2014
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 Floor
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 Appropriations
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. The bill would require each urban water supplier to submit its 2015 plan to the Department of Water Resources by July 1, 2016.	Watch	Assembly Floor
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 Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/30/2014
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 Committee on Appropriations
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 Committee on Appropriations
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 Appropriations
Groundwater				
AB 793 (Gray)	San Joaquin Valley Groundwater Conservancy	This bill would establish the San Joaquin Valley Groundwater Conservancy, to undertake various activities related to the San Joaquin Valley, as defined, and would prescribe the management, powers, and duties of the conservancy. The bill would create the San Joaquin Valley Groundwater Conservancy Fund in the State Treasury. Moneys in the fund would be available, upon appropriation, for the purposes of the conservancy.	Watch	Senate Floor
AB 1739 (Dickinson)	Groundwater management	This bill would require all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, with specified exceptions. This bill would require a groundwater sustainability agency to certify that its plan complies with the requirements of this bill no later than January 31, 2020, and every 5 years thereafter.	Watch	Senate Committee on Appropriations

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 06/30/2014
SB 1168 (Pavley)	Groundwater management	This bill would require the Department of Water Resources, to categorize each basin and subbasin as either high priority, medium priority, low priority, or very low priority. The bill would require the Department of Fish and Wildlife, in collaboration with the department, to identify those basins and subbasins where species and ecosystems are vulnerable to existing or future groundwater conditions. The current draft requires the formation of new groundwater sustainability agencies to develop new sustainability plans after January 1, 2015 without any grandfather clause for existing plans or agencies.	Watch	Assembly Committee on Appropriations
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	DEAD
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 proposed rules of the state board or a California regional water quality control board.	Watch	Senate Committee on Appropriations

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

ORIGINATING SECTION: ADMINISTRATIVE SERVICES
CONTACT: BONI BREWER/MIKE WALLACE

AGENDA DATE: July 16, 2014 ITEM NO. **12d**

SUBJECT: June Outreach Activities

E-Newsletter, June 19th

The e-newsletter included articles on adoption of the Fiscal Year 2014-15 budget, extension of the public comment period for the draft Bay Delta Conservation Plan and associated documents, and the status of drought-related conservation efforts.

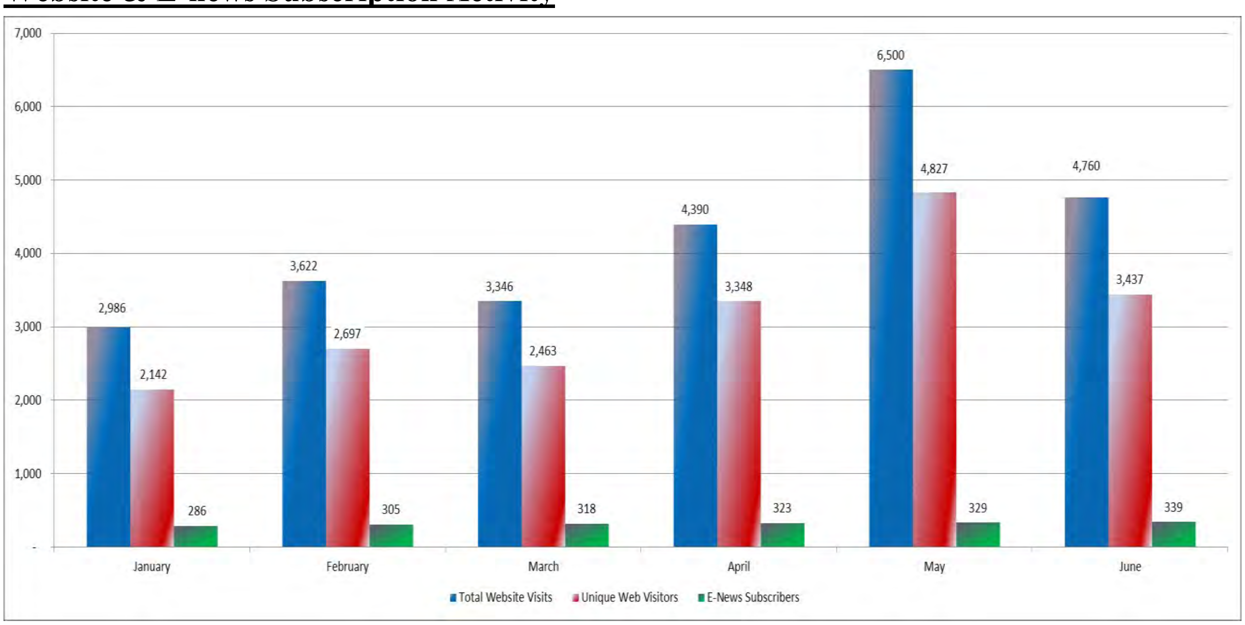
Chamber of Commerce Drought Outreach

Zone 7 ran a drought emergency ad in the June 3rd online newsletter of the Pleasanton Chamber of Commerce. This is to be followed with an ad in the chamber's July 4th print newsletter, included in the Pleasanton Weekly. In addition, business-oriented water conservation fliers are to appear as inserts into Livermore and Dublin chamber print newsletters mailed out to chamber membership on July 2nd and July 14th, respectively.

Zone 7 Schools Program

Zone 7's water education program for the 2013-14 school year, which ended in June, taught more than 9,100 kids through presentations that reached every grade level for the first time in the program's 15-plus-year history. There were 354 classes in grades K-8, plus four creek walks, 21 high school presentations and participation in six science fairs and school festivals. The highlight of the year was launching a new program for 9th-graders called "Water: Choices and Changes," a multi-media lesson plan addressing both water conservation and water pollution prevention.

Website & E-news Subscription Activity



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ORIGINATING SECTION: Engineering
CONTACT: Rhett Alzona

AGENDA DATE: July 16, 2014

SUBJECT: Drought Update ITEM NO. **12e**

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. Although raw water TOC concentrations at the treatment plants have steadily dropped from approximately 5.5 mg/L to 4.8 mg/L over the last month, 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 this year's 5% Table A allocation before September 1, 2014. Zone 7 took this delivery (800 AF) in June.

- DWR has approved deliveries from Semitropic and Cawelo banking projects for Zone 7 starting in September. At this time, DWR's analysis of exchange capacities in the SWP system indicates that banked water can be delivered to Zone 7 through normal operations without the need for special transfer agreements. Zone 7 anticipates a total delivery of 14,000 AF from both banking projects through December, with additional water available in early 2015.

- The status of the three emergency projects approved by the board on January 29th follows:

    1. <u>Lake I - Cope Lake Pipeline Project</u> – Final completion has been achieved. All work on the site has been completed, including a few warranty items – the slide gate issue has been resolved and the contractor has poured additional concrete to protect the lake bank surrounding the outfall structure in Lake I. Zone 7 has received the as-built drawings along with the project close-out documents; there are only minor revisions needed in the as-builts.

    2. <u>Chain of Lakes Well No. 5</u> – Maggiora Brothers Drilling, Inc. completed well construction on June 21st. Well development using the drill rig was performed the week of June 23. The following week of June 30, Maggiora demobilized the drill rig and set up the test pump for further well development and test pumping. Based on the test pumping results, the production well is expected to achieve a constant 1180 gpm flow rate (~ 1.7 mgd) for normal year groundwater levels. In early July, Conco West began facility construction. They are installing drain structures and buried pipe. Long lead items, including the well pump and electrical infrastructure, have all been ordered. Staff continues to work with PG&E for electrical service at the site. In case the power service from PG&E has not been installed, Zone 7 could obtain power with a generator provided through the rental services contract approved by the Zone 7 Board in April 2014.

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 1which 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 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 Bidding results and the draft Basis of Design report.

- From an operational standpoint, staff continue to use wells while optimizing surface water treatment given the limited SWP allocation. Groundwater recharge operations using SWP allocation ceased early in the year and the Mocho Groundwater Demineralization Plant has been turned off to avoid discharge of the concentrate (waste stream is approximately 15% of the groundwater pumped). Staff also continue to review water quality and minimum water supply needs.

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.

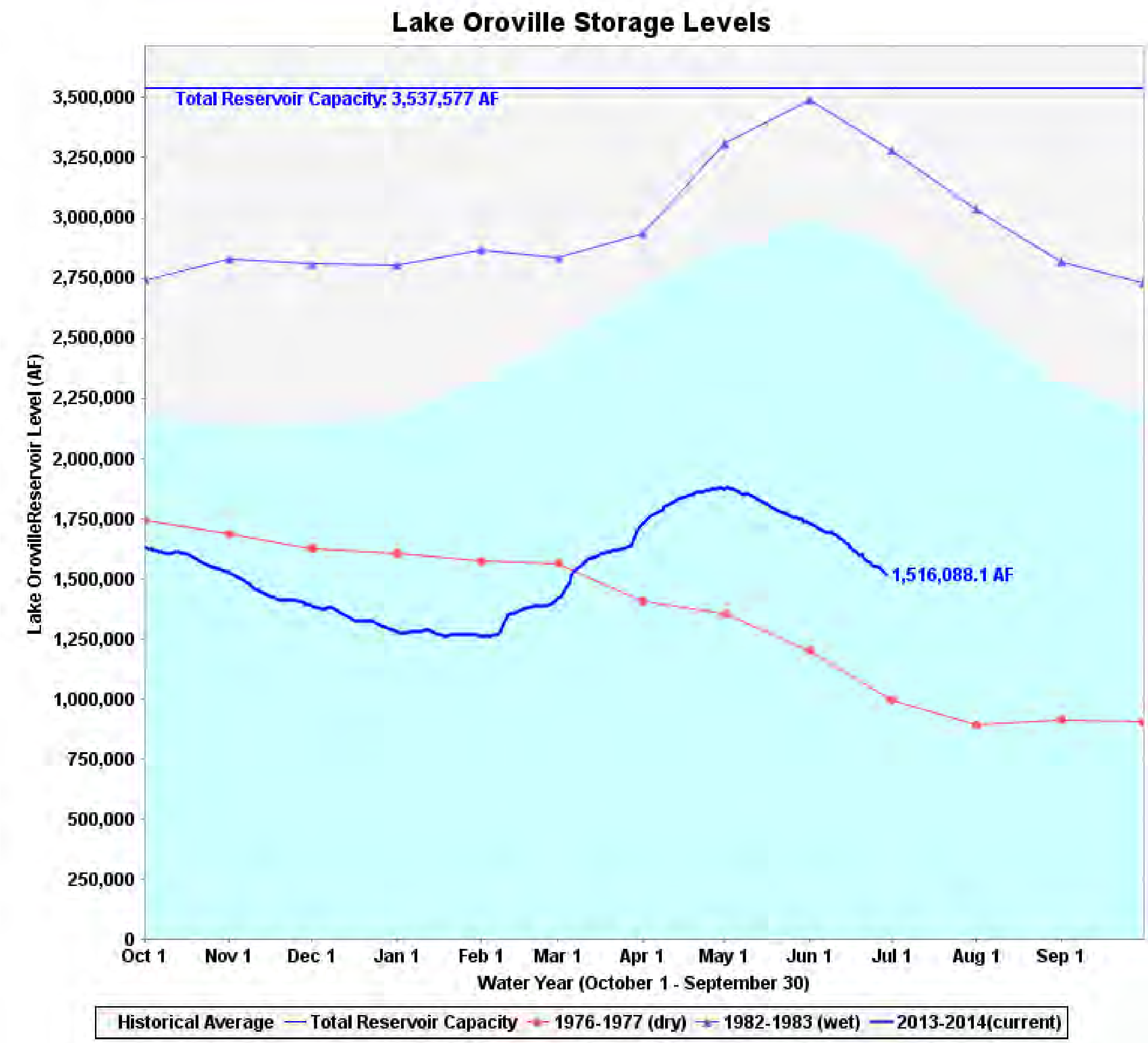
On January 29, 2014 the General Manager was authorized and directed to establish an appropriate level of conservation for the Livermore-Amador Valley, consistent with the governor's proclamation of a drought emergency (20% or greater). The initial conservation level was set at 20%.

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:

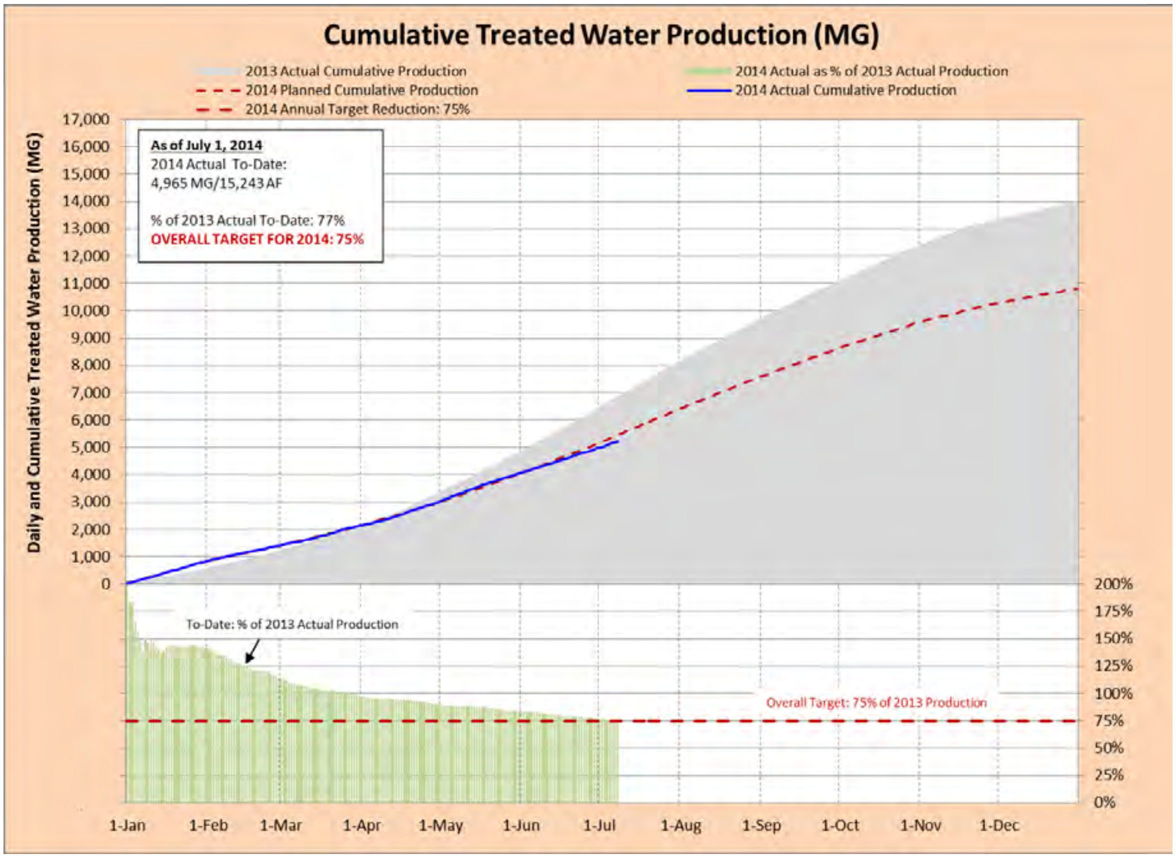
Storage in Lake Oroville remains well below average at approximately 53% of the historic average but above the driest year of record (see Oroville graph, below).

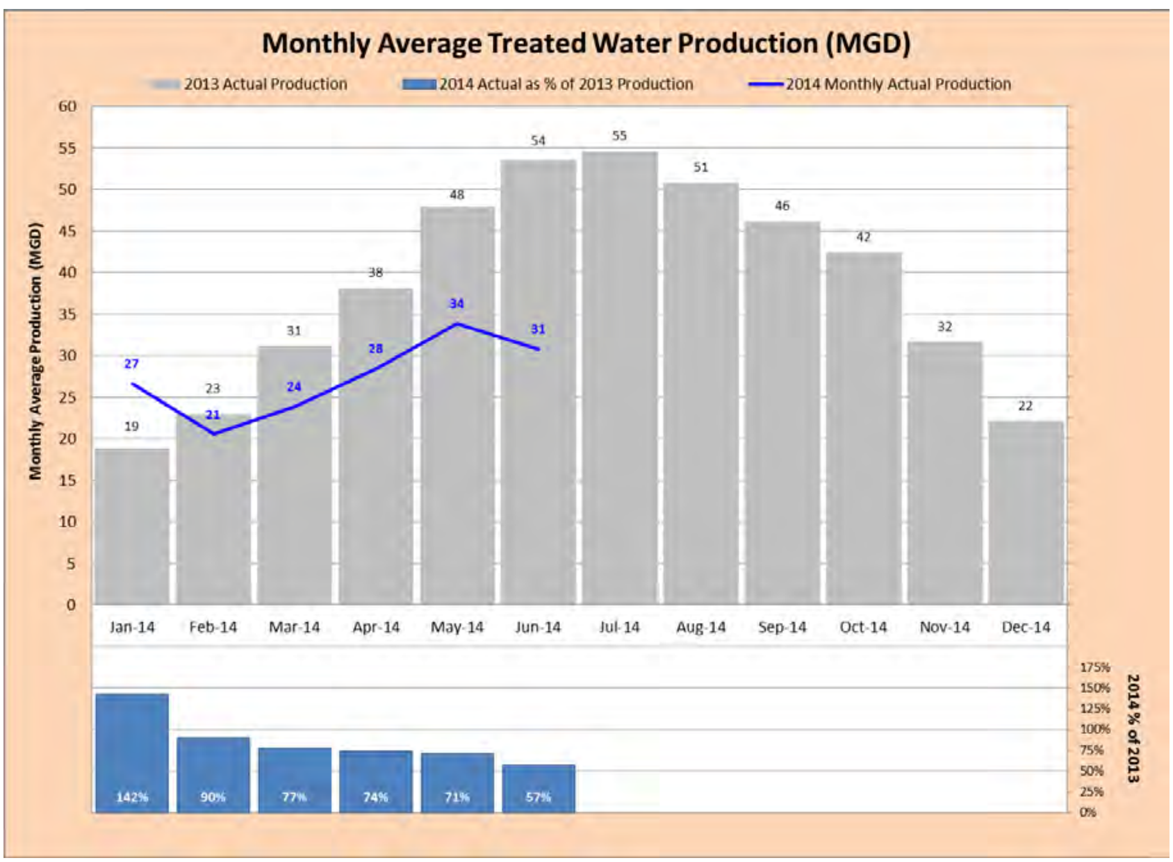
This can be tracked on the DWR data website at
http://cdec.water.ca.gov/cdecapp/resapp/resDetailOrig.action?resid=ORO



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 to fill Lake Del Valle. Storage at Lake Del Valle remains full with minor losses due to evaporation. Current lake storage is approximately 41,000 AF. DWR plans to maintain the level as full as possible while supplying water to the three SBA contractors using both Delta and lake water as needed.

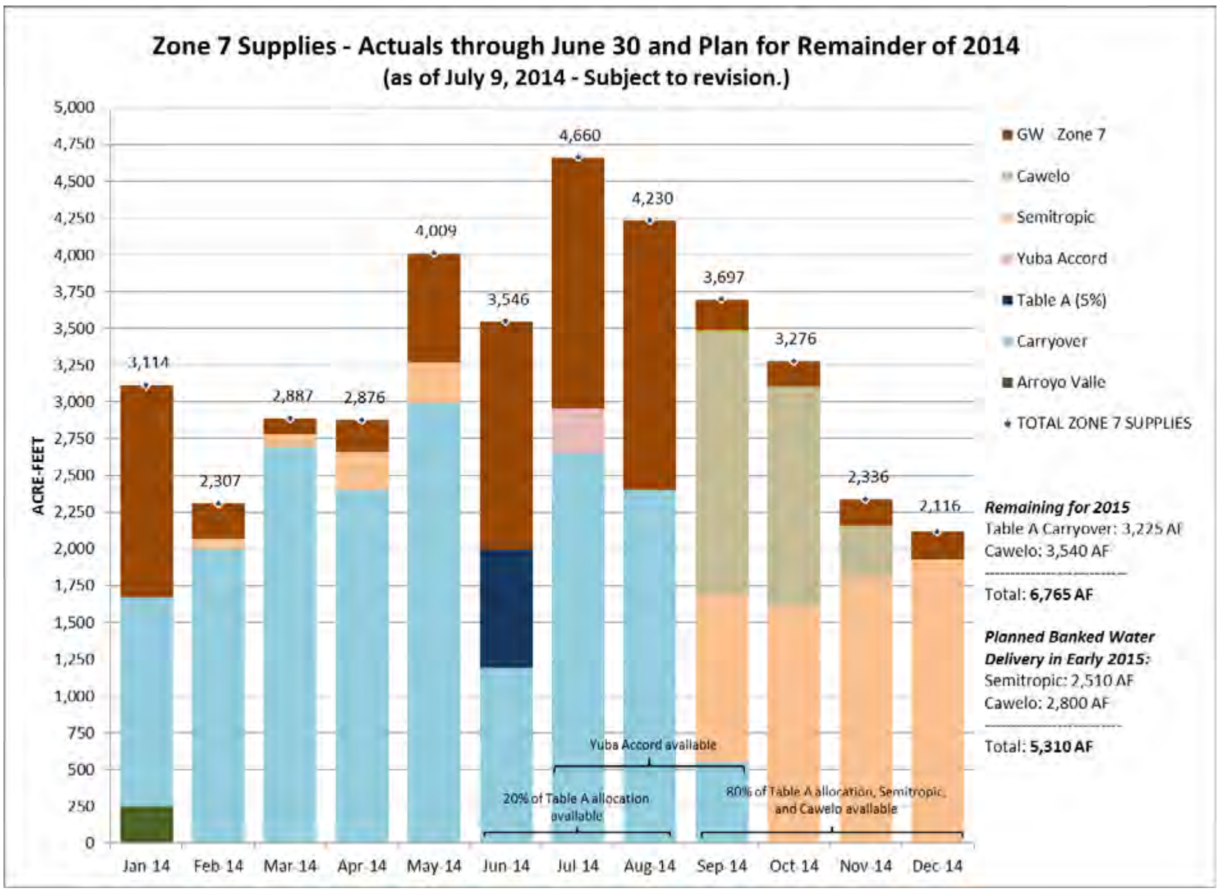
Conservation efforts have been successful in the Valley. From January to June 2014, cumulative Valley-wide treated water demands from Zone 7 have been 23% lower compared to 2013. A large reduction in demand in June has contributed to significant progress towards the 25% target for the year: June 2014 was 43% lower compared to June 2013, a difference of 685 AF or 23 MGD.





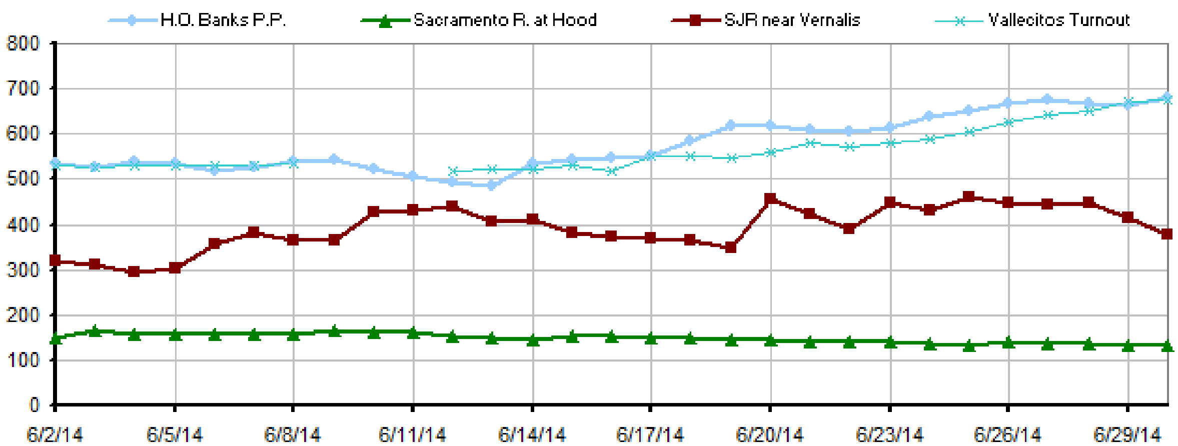
Both the Del Valle Water Treatment Plant and the Patterson Pass Conventional Treatment Plant continue to operate at a reduced production totaling approximately 15 million gallons per day (MGD), which is allowing Zone 7 to spread use of its Table A carryover water through the first part of September.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

The operations planning graph below shows Zone 7's actual use of water supplies through June 30th and planned use for the remainder of the year. Zone 7 took a portion of its Table A in June (DWR allowed the use of up to 20% of 2014 Table A allocation before September 1st, about 800 AF for Zone 7) and will use carryover through the first part of September. According to the latest banked water delivery schedule approved by DWR, Semitropic and Cawelo deliveries to Zone 7 will resume in September, resulting in a total delivery of about 14,000 AF from both banking projects during 2014. Under this plan, Zone 7 will have about 6,800AF of water remaining in the State Project system (Table A carryover and Cawelo water) for use in Calendar Year 2015. Zone 7 also anticipates an additional 5,300 AF from Semitropic and Cawelo in early 2015.



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)



Total dissolved solids (TDS) are around 390 mg/L. Typical TDS levels around this time of year are between 250 mg/L and 300 mg/L.

Higher Total Organic Carbon (TOC) levels, along with alkalinity, continue to impact treatment at the plants (with higher TOCs requiring more coagulants and more pH adjustments while generating more sludge).

Standby Generator Rental Status

In April 2014, the Board approved a contract to provide standby power generator rental services for Zone 7 water facilities. At the time of approval, the Board requested that staff provide updates to the Board as to when generators are brought on-site.

As drought conditions persist, staff continues to evaluate prudent actions necessary to provide a reliable supply of water to our customers. The production of potable water through our water treatment plants has been greatly reduced due to limited supplies from the State. This requires a heavy reliance on our groundwater wells to meet the potable water demands of the valley. Although power outages continue to be a threat to the reliability of our groundwater production facilities, the treatment plants are able to increase production capacity to make up for short term losses in well production. While our system is still susceptible to large wide-spread power outages, the redundant capacity of our treatment plants has delayed the need to install standby generators thus far avoiding the monthly charges for stand-by service.