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, September 16, 2015**

TIME: **6:30 p.m. CLOSED SESSION**

7:00 p.m. OPEN SESSION (time approximate)

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

AGENDA

1. CLOSED SESSION – OPEN SESSION TO FOLLOW AT APPROXIMATELY 7:00 p.m.

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

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

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

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

2. Open Session and Report Out of Closed Session (approximate time: 7:00 p.m.)

3. Call Meeting to Order

4. Pledge of Allegiance

5. 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.

6. Minutes of the Special Meeting of August 17, 2015, Minutes of the Regular Meeting of August 19, 2015, and Minutes of the Special Meeting of August 26, 2015

7. Consent Calendar

   a. Resolution Proclaiming the Week of October 19-24, 2015 to be Flood Preparedness Week
   b. Request for "Out of State Travel" Travel to Attend the Annual AWWA Cal-Nevada Section Fall Conference
   c. Agreement for Construction of New Untreated Olivina Turnout

   <u>Recommended Action: Adopt resolutions approving items as presented</u>.

8. Staffing Update

   July Employee of the Month Recognition

9. Commercial Septic System, Nella Terra Winery

   <u>Recommended Action: Adopt resolution</u>

10. Cost of Service Study

    <u>Recommended Action: Discuss and provide direction to staff</u>

11. Committees - Water Resources Committee Meeting – September 9, 2015 - notes
    Finance Committee Meeting – September 10, 2015 – notes pending

12. Reports - Directors

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

13. Items for Future Agenda - Directors

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

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

15. Adjournment

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

    a) Special Board Meeting (if needed): September 30, 7:00 p.m.
    b) Regular Board Meeting: October 21, 2015, 7:00 p.m.

Zone 7 Water Agency

Zone 7 Water Agency – Board Retreat

Discussion Notes

Facilitator: Dr. Bill Mathis **Hilton Garden Inn**

Scribe: Janice Mathis **8/17/2015; 3:00 p.m.**

Board members present: President Palmer, Vice President Quigley, Directors Greci, Stevens, Figuers, Ramirez Holmes.

Staff Present: Jill Duerig and David Aladjem.

President Palmer called the meeting to order at 3:22.

During the Citizens Forum, Margaret Tracy expressed concerns about the use of wastewater over the Main Basin, citing the appearance of nitrate hot spots in some areas.

President Palmer thanked Ms. Tracy then introduced Dr. Bill Mathis, who began the retreat with a discussion of the Agency's past performance in achieving the Board's direction as background to identifying areas that should be adjusted looking forward to the future.

A. Goals and Accomplishments

Summary of 2014–15 accomplishments

Ms. Duerig showed a power point, listing accomplishments in each category of the Strategic Planning Priorities, noting that the presentation had been developed for all-employee meetings and was based on a spread sheet previously shared with the board members.

B. Goals for the Future

Goals and Objectives (Strategic Initiatives) should reflect consensus of the Board with clear direction? No clear direction (majority) invites chaos. The board mentioned the following:

- Quarries are shutting down in the Bay Area; what does this mean for the Chain of Lakes?
- El Niño is coming. We need to be on the public's radar for flood. We are already doing the things that are needed; we also need to communicate to the public that preparations are well under way
- We need to get as much of the water returned from San Luis Reservoir now as possible. More generally, we need to work with DWR to improve water supplies for next year or the next drought
- Study on Patterson Ranch? Do we need to hire a consulting firm?
- Develop one-page fact sheet on watershed protection and use of Patterson Ranch
- City Meetings that are related to water are of interest to the Board; there may be other meetings that are of interest to Board members; the question was raised whether or not staff can track and provide such information to the directors.

The board then discussed possible revisions to the Strategic Planning Priorities, including:

- **1. Provide customers with a reliable, cost-effective and safe water supply.**
  - Reorder items so that 1.11 and 1.14 are moved up (after 1.5) and the current 1.6 (about Chain of Lakes) is moved to the end.
  - 1.15 – Reword to "Develop long-term balanced management of watersheds, including a plan for the future of the Lake Del Valle Property."

- **2. Provide Eastern Alameda County with an effective system of flood protection.**
  - 2.3 – delete "and StreamWISE"
  - 2.5 – Revise; delete "Fisheries restoration and related"
  - 2.7 Add "into long term planning and the CIP"
  - Add 2.9 – "Increase public awareness of flood preparedness efforts."

- **3. Provide the Agency with effective organization, administration and governance.**
    - 3.3 – Delete all after the word "Agency."
    - 3.5 – Delete 3.5
    - 3.6 – Eliminate the words "ensure sufficient operator" replacing with "attract and retain sufficient" and delete parenthetical
    - 3.7 – Delete the words "modern" and "software, etc."
    - 3.9 – delete the words "are in place."

- **4. Operate the Agency in a fiscally-responsible manner.**
    - 4.3 – Eliminate word "new."
    - 4.4 – Change to "Continue to review…"

- **5. Increase public understanding of the Agency and its functions.**
    - 5.2 – Add "and flood preparedness" after conservation.
    - 5.3 – Delete wording "of the Agency's website" and replace with the word "of."
    - 5.5 – Delete all after "program"
    - 5.6 – Delete words "other internet based and other."

A discussion followed concerning potential flooding, warnings and El Niño. Most agreed for a need to prepare, warn people, give strategy of floods, flood warning, etc. October is flood preparedness month; use this opportunity to the get the word out for El Nino.

<u>Next Steps:</u>

Future Board Meeting date: 5:00 p.m., November 18, 2015, at which the Closed Session should include GM Goal Setting

Director Palmer adjourned the meeting at 7:03 p.m.

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

REGULAR MEETING
August 19, 2015

The following were present:

DIRECTORS:	SANDS FIGUERS JOHN GRECI JIM McGRAIL SARAH PALMER RICHARD QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING OSBORN SOLITEI, ASSISTANT GENERAL MANAGER, FINANCE RHETT ALZONA, SENIOR ENGINEER, FACILITIES ENGINEERING ELKE RANK, WATER RESOURCES PLANNER LINDA VAN BUSKIRK, ACTING BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

President Palmer called the regular meeting to order at 7:01 p.m.

Item 2 - Pledge of Allegiance

President Palmer led a salute to the flag.

Item 3 – Citizens Forum – None.

Item 4 - Minutes of the Regular Meeting of July 15, 2015

No changes were made to the minutes of July 15, 2015. Director Greci moved that the minutes be accepted and approved. Director Quigley seconded the motion. The minutes were approved by a voice vote of 6-0, with Director Stevens absent.

Item 5 - Consent Calendar

Director Quigley moved for approval of Consent Items 5(a) through 5(c) and Director Greci seconded the motion which was approved by a voice vote of 6-0, with Director Stevens absent.

Resolution No. 15-77	Authorized the General Manager to cast Zone 7's vote for the slate recommended for the Association of California Water Agencies (ACWA) Region 5 Nominating Committee. (Item 5a)
Resolution No. 15-78	Endorsed a task order to conduct polling for advanced water recycling under the Tri-Valley Intergovernmental Reciprocal Services Master Agreement. (Item 5b)
Resolution No. 15-79	Directed the General Manager to negotiate and execute a Memorandum of Understanding (MOU) with the San Luis & Delta Mendota Water Authority (SLDMWA) to delegate authority provided by the Sustainable Groundwater Management Act. (Item 5c)

Item 6 - Staffing Update

Ms. Duerig introduced two new employees:

Andy Chamberlain is our new Junior Engineer in Flood Control. His recent work includes being a Graduate Student Instructor Assistant at U.C. Berkeley. He has been a Research Technician at the University of Alaska, Fairbanks, and a Team Leader Heavy Equipment Operator with the U.S. Army Reserves. He holds a B.S. in Civil Engineering with a Water Resources emphasis from University of Alaska, Fairbanks and a M.S. in Environmental Engineering with a Hydrology Fluid Mechanics emphasis from U.C. Berkeley. Mr. Chamberlain was present and the Board welcomed him.

Osborn Solitei, AGM of Finance, comes to us from the City of Oakland where he was the Director of Finance and Controller. Prior to that, he worked with Contra Costa County, so he has experience with county and city government. He is currently working on obtaining his CPA credential. Mr. Solitei was present and the Board welcomed him.

Ms. Duerig announced that the June Employee of the Month is Alfonso Yasonia, one of our treatment plant operators. He was nominated not just because he has been a reliable operator for 12 years, but because he is always willing to pitch in, and to keep the plant clean and tidy. The Board applauded Mr. Yasonia in absentia.

Director Stevens arrived at 7:21 p.m.

Item 7 – CEQA Compliance for Stream Maintenance – Priority Projects 2015

Elke Rank, Water Resources Planner in the Water Resources Section, gave a presentation about CEQA compliance for a set of five priority stream maintenance projects which the Flood Control section wants to complete this year. Zone 7 conducts routine stream maintenance every year and many of these require compliance with the California Environmental Quality Act (CEQA) and some of them also require regulatory approvals, meaning permits. The reason these five were identified as priority projects is mainly because of their proximity to structures, such as houses, commercial property or otherwise.

Site #1 is Line B-5, on the Pleasanton Canal in Pleasanton;
Site #2 is Line G or Arroyo Mocho in Pleasanton;
Site #3 is Line G-1 or Chabot Canal in Pleasanton;
Site #4 is the South San Ramon Creek in Dublin, adjacent to Dublin High School.
Site #5 is Line B, Arroyo de la Laguna in Pleasanton, just downstream of the confluence with Arroyo Valle.

All five of these are bank repairs. They range from about 30 linear feet to 120 linear feet, and in all five cases these are engineered designs. The environmental planners' version of what that means is the failed or eroded material is going to be excavated down to where it still is compacted. Key-ins and boulders will be installed to give it some structural integrity, and then at least a foot of soil will be placed back on top so that it can be replanted with some native grasses or possibly some shrubs. The idea is that in 6-12 months you won't even know that we were there. That type of design is what is required by the regulators.

As is required by CEQA, there was a public comment period. The document was made available by mailing it to interested parties, submitting it to the state clearinghouse (which is the mechanism to get it out to all the state agencies), posting on our website, noticing it in the local newspaper, and placing a copy at the Pleasanton Library with a little more than a 30-day public comment period. Two comment letters were received from other agencies, Caltrans and the Department of Toxic Substances Control. Caltrans was particularly interested in two sites: B5 and Line B. Those areas are right near Interstate 680 and Caltrans may have been confused about whether or not the work was going to be within their right-of-way, which will not happen. Clarification was provided. They were also interested in the cultural resources, so the consultant report was made available to them.

The second letter came from the Department of Toxic Substances Control. They made a comment about testing soils that are being excavated to make sure that we know what is in those soils before they either get reused onsite or before they get hauled away to a landfill or some other location. This is a standard procedure for Zone 7, although it may not have been clear. Zone 7 made minor changes to the MND to address some of the issues raised by Caltrans and DTSC.

Ms. Rank then asked for questions about CEQA or the project.

Director Ramirez Holmes asked Ms. Rank what the plan is to notify the adjacent neighbors and the high school since we will be working behind their fence, especially considering that noise is an impact that has to be mitigated. Ms. Rank replied that the Flood Control section does put up a lot of signage to make sure that it is very clear, especially on the trails. Jarnail Chahal, Engineering Manager, added that we normally notify the neighbors with a letter and/or door hangers a few weeks before the project begins. This will include notifying Dublin High School.

Director Figuers commented that on page 9 under "Proposed Work," at the second bullet under *Construction Mobilization*, there is a statement saying that the riprap will be brought in dump trucks, steel plates will be placed on the road in order to reduce the impact of vibration on neighbors, and then the riprap will be dumped on the steel plates. He stated that just sounds really odd, because when he goes out in the field to do geophysics, if he wants to put vibrations into the ground, he puts a steel plate down and hits the steel plate because it gives very good connection. He stated he has never ever heard of anything like that. Jarnail Chahal replied that Flood Control has used that technique in the past. Instead of a boulder hitting in one location, it spreads it out a little bit.

Director Ramirez Holmes made a motion to adopt the resolution to approve and adopt the Initial Study/Mitigated Negative Declaration and associated Mitigation Monitoring and Reporting Program, to approve the Project and direct staff to file a Notice of Determination within five days. The motion was seconded by Director Greci. The item passed by a 7-0 roll call vote.

Resolution No. 15-80	Approved a Mitigated Negative Declaration for "Stream Maintenance – Priority Projects 2015"; Adopted a Mitigation Monitoring and Reporting Program; and Approved the Project

Item 8 – Contract Amendment for HydroMetrics Water Resources, Inc.

Kurt Arends, Assistant General Manager of Engineering, presented Item 8 to the Board, a contract amendment with HydroMetrics Water Resources, Inc. (HMWRI), the existing consultant we have under contract. HMWRI has been doing a large portion of the work updating the groundwater model that our Groundwater section uses. It is basically an underground model for the entire basin. This whole effort has been underwritten by a local agency grant from DWR for almost $200,000, so a large portion of the cost of this project is being covered by the grant. This item is presented tonight to amend the contract by $31,000 for additional services we would like the consultant to do. Much of this extra work was driven by changes that have occurred over time. A beta version of the software was utilized at the beginning of the project, but a lot more debugging and programming were required. There is a new version of a piece of software MODFLOW that we use that is coming out, so we want the consultant to be able to assist us in making the conversion and doing programming for the new version of the software coming out and also providing some staff training at the end of the contract to be sure that more than just one of our staff members is able to use the software, update it and put in additional data. Because of the critical dry year 2014, we have extended the amount of data that we have incorporated into the model and calibration to try to capture the extreme events that we are currently going through. Mr. Arends recommended that the Board authorize staff to add $31,000 to the existing contract for a not-to-exceed amount of approximately $230,000 and also to extend the time of the contract to June of 2016, which is beyond the completion of the grant work, but that is when staff will be doing the training and implementing additional software upgrades.

Director Quigley asked if Zone 7 will own the software when the project and training are done. Jarnail Chahal, Engineering Manager, said that MODFLOW is in the public domain, with an interface that is licensed.

Director Ramirez Holmes asked if this project is in the CIP and was the funding planned in the budget for this fiscal year? Mr. Arends and Mr. Chahal confirmed that the funding is in this year's budget.

Director Greci moved for approval to authorize the General Manager to execute a contract amendment that increases the not-to-exceed contract amount to $230,875 and extends the contract period to June 30, 2016, and Director Quigley seconded the motion. The motion was approved by a roll call vote of 7-0.

Resolution No. 15-81	Directed the General Manager to execute a contract amendment with HMWRI extending the contract period to June 30, 2016 and increasing the contract amount to an amount not-to-exceed $230,875

Item 9 – Arroyo Mocho Floodplain and Riparian Forest Restoration Project [Medieros Parkway]

President Palmer noted we have a revised version of Item 9. Ms. Duerig then introduced Rhett Alzona, Facilities Engineering Manager, who heads up our Capital Projects section. Mr. Alzona then gave a detailed presentation on the Arroyo Mocho Floodplain and Riparian Forest Restoration Project and responded to questions from the Board.

President Palmer asked if LARPD has any interest in any of this. Mr. Alzona said staff will work with them. The City of Livermore is the lead agency for the Oak Grove Reserve Master Plan, but it was sponsored by LARPD, so they are both tied in together on it. Zone 7 will have to interface with both groups.
Director Ramirez Holmes understands that the park that we want is the Medieros Parkway because that is where the arroyo is and that is our main focus for flood control. She then asked for clarification as to why would we want the Oak Grove Nature Preserve? What does it have to do with our mission at Zone 7? Mr. Alzona replied that Zone 7 is not paying for the amenities on the Oak Grove Reserve, but we do want to be consistent with the master plan. We are going to manage that site for overall flood detention and not hinder the City's efforts in implementing that master plan. The main focus of the master plan for the Oak Grove Nature Reserve is really recreation, so it will be spelled out in Amendment No. 2. Zone 7's money will be used only for creating the flood features that have been described.

Director Ramirez Holmes commented that the area adjacent to Holmes Street has a lot of litter, a lot of homeless folks at times, and a lot of graffiti. We will now be assuming responsibility for maintenance of that area as part of our ownership as we turn it into something better.

Director Quigley said that having lived and played on that turf for 40 years, he thinks it is a great project that has a long list of attributes. It's part of the Stream Management Master Plan. This kind of project would really rise to the top for getting grants. It certainly is in the floodplain and will work with the new floodplain below the airport. It also helps Zone 7 repercolate and recharge our groundwater basin. He would like to caution staff about the dead trees and asked that we check and see who is going to be responsible for them. Director Quigley also mentioned that there is the Granada Native Gardens on the Mocho right behind Granada High School which is a test case for the right foliage, the flora and fauna that can be replanted along that reach. The high school participates, so it's not only a recreational attribute, but also an educational attribute. He reiterated that this project is special and something we should do.

President Palmer commented that she would love to see this fixed up. She questioned the purpose of the $5-6 million cost on Years 3 and 4 and if this is going to be shared by any other entity. Mr. Alzona said the bulk of the project is earth work for the detention ponds plus some revegetation. Zone 7 will probably have some levees and a couple of pathways for access. We need to maintain the Arroyo Mocho to give our flood control people access. Right now it is funded completely by Zone 7. Ms. Duerig added that is just for construction of flood related facilities on that site, it isn't the rest of the Oak Grove Master Plan items, and grant funding will be sought to reimburse for that. It is in our CIP.

Director Stevens likened this project to a miniature version of what Zone 7 staff just finished south of the outlets where staff created channel improvements and the city said you can flood our golf course. That's exactly what this is. We're doing all the channel improvements and the city is saying you can flood our Oak Grove Park. A natural part of the habitat is floods, so it's a team effort. This really enhances our flood protection capabilities because you need to have retention ponds so you don't have that massive amount of water coming down all at one time, and that is the whole purpose of this project. Anytime you detain water upstream, it helps downstream, so even Pleasanton gets a benefit out of it.

Director Figuers and staff discussed the elevation difference between the park portion and the 40-acre parcel and the bed loads after a big storm. Director Figuers suggested that clean out costs should be taken into account. Mr. Alzona said that in the detailed design we are looking at geomorphology and where we are going to collect all the material.

Director Greci is very familiar with that area also and one of the areas on that arroyo that has the most potential to flood also has the most potential for improvement. He thinks this is going to make a lot of people living in that area happy to see something being done flood control-wise by Zone 7 and it has potential to get the most bang for your buck. He agrees with Director Figuers that the sedimentation and build up is inevitable, so there will be some sediment removal as part of the maintenance of our flood control channels. That does happen with retention ponds, that's what they're for, but it will lessen the silt that goes downstream. Director Greci concluded that this is a great project and he is excited to see it take place.

Director Greci moved for approval, and Director Quigley seconded the motion. The items passed after a roll call vote of 6-0-1-0 with Director Figuers abstaining.

Resolution No. 15-82	Approved a contract for Phase-I services for the Arroyo Mocho Floodplain and Riparian Forest Restoration Project; and authorized accepting the Irrevocable Offers of Dedication for Medieros Parkway, and authorized Amendment No. 2 to the existing Recreational Use License Agreement with Livermore.
Resolution No. 15-83	Approved the application for grant funds for the California River Parkways Grant Program and other grant programs

Item 10 – Consider Response to the 2014/15 Alameda County Grand Jury Final Report

President Palmer continued Item 10. She reported that another board member had some serious issues on some of the items which are worth considering, so the Board will be taking some extra time on making sure that everybody gets their input to David Aladjem to make the response reflective in both a truthful and effective way of what needs to go out to the grand jury. We have at least two more meetings that we can discuss this before the response is due to the Grand Jury by September 29, 2015.

Item 11 - Committees

Water Policy Roundtable Meeting – July 22, 2015 - notes
Administrative Committee Meeting – August 11, 2015 – notes

Item 12 – Reports - Directors

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

President Palmer suggested that as we are looking at issues of openness and public accessibility for our information, she would like the Board to discuss holding the closed session of Board meetings prior to the open session. The Board discussed this and it was decided that beginning with the next meeting, closed session will begin at 6:30 p.m. followed by open session as close to 7:00 p.m. as possible. If more time is needed for the closed session, it can be continued after the open meeting. The Board felt this would improve communication and productivity. More importantly, holding the closed session first gives us the opportunity to report out of closed session to the public already present for the meeting instead of making them wait.

Director Quigley pointed out that there was some web data available in his written report that did not come through when converted. It consisted of information that was put together by Bert Michalczyk and Dan Gallagher at DSRSD regarding LAVWMA Exports flow information. Director Quigley also thanked Ms. Duerig for hosting the annual summer party. He said it was a very nice affair.

President Palmer reported that the Board held its retreat earlier in the week. The Board is looking into options other than what we've been doing in the usual fashion for team building. She suggested that at this point we put a hold on the meeting tentatively scheduled with Dr. Bill Mathis. Director McGrail concurred. Director Ramirez Holmes voiced a concern that a meeting to address some directors' concerns has been promised for a specific closed session item, and this needs to occur.

Director McGrail inquired about the status of Zone 7 board meetings being televised. President Palmer responded that TV30 is working on a proposal. Ms. Duerig added that we are pursuing this. TV30's proposal hadn't reached us in time for the Administrative Committee to discuss and vote on, so once it is received, another Administrative Committee will be scheduled to come up with a recommendation for the full board. Director Ramirez Holmes expressed concern that this item is going to be pushed out. President Palmer said the various proposals should be ready within the next month, and the Board feels this item is very important and it is going to happen soon.

Director Stevens reported that he met with some Sutter Gate Pleasanton people. Consultants gave a presentation on their ground movement study. This is also a City of Pleasanton issue, so Zone 7 and the City are going to work jointly on this with the Sutter Gate people. President Palmer asked Mr. Arends if staff is creating the maps of the Sutter Gate community superimposed on the areas of concern. She described the past history of the area as marshlands. Mr. Arends advised that staff actually superimposed that on the soil map. There is a pretty clear map that shows soil types which has been updated and is on the website. It shows the map with the neighborhood that Director Stevens identified as well as Sutter Gate identified within that area.

Item 13 – Items for Future Agenda - Directors

Director Ramirez Holmes said that at the Board retreat, the possibility of holding some community workshops, perhaps on flood preparedness, was discussed. Several directors mentioned that they would be interested in pursuing that. President Palmer agreed that letting the community know what

Zone 7 is doing in terms of flood preparedness before a problem or issue comes up might be a very good thing to do.

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

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

The Board went into closed session at 8:08 p.m.

Item 15 - Closed Session

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

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

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

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

Item 16 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 8:42 p.m. President Palmer said that no reportable action had been taken.

Item 17 – Adjournment

The meeting was adjourned at 8:44 p.m.

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

SPECIAL MEETING
August 26, 2015

The following were present:

DIRECTORS:	SANDS FIGUERS JOHN GRECI JIM McGRAIL SARAH PALMER RICHARD QUIGLEY ANGELA RAMIREZ HOLMES BILL STEVENS
DIRECTORS ABSENT:	
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING OSBORN SOLITEI, ASSISTANT GENERAL MANAGER, FINANCE LINDA VAN BUSKIRK, ACTING BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

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

Item 2 - Pledge of Allegiance

President Palmer led a salute to the flag.

Item 3 – Citizens Forum – None.

Item 4 – Cost of Service Study

Osborn Solitei, Assistant General Manager, Finance discussed some preliminary numbers before introducing Raftelis Financial Consultants, Inc. The drought creates a lot of financial impact. In FY 15-16 Zone 7 has already seen a 35 percent conservation rate. The budget anticipated 20 percent. In that case Zone 7 had a budget of around $33,000,000 with a 20 percent conservation rate and used around $8,000,000 to balance the budget of reserves. With the 35 percent conservation level, the agency anticipates receiving around $27,000,000 from water sales. The cost of services study should accomplish two things: To make sure the agency can stabilize its financials by making sure that the reserves that it is now using will be recovered, and also to anticipate as we go forward during the drought that at least 20 percent of conservation will be built in already. If, for example, there is no rate adjustment, Zone 7 anticipates as much as an additional $6,000,000 this year to be used from reserves and the Water Enterprise fund will end up with around $1,000,000 of reserves left. The agency as a whole also has entered into or has obligations or commitments – debt – of approximately $467,000,000 incurred by others on behalf of Zone 7. The biggest fraction is the South Bay Aqueduct which is around $346,000,000 for improvements and enlargement. Other State Water Project capital indebtedness is approximately $94,000,000, Cawelo is approximately $26,000,000, and Semitropic is around $1,000,000. This shows there are already a lot of commitments on the agency"s operating budget to pay for debt, so when compounded with a loss in revenues related to approximately 20 to 35 percent of anticipated conservation, then the agency"s budget is really being hit very hard.

Mr. Solitei introduced Sanjay Gaur from Raftelis Financial Consultants, Inc. (RFC) to present the cost of service study workshop.

Mr. Gaur stressed that these are tentative numbers. RFC and Zone 7 are still working on a number of different inputs and factors. The drought has created uncertainty and RFC is trying to develop a better understanding of what the future holds, especially with sales. This is the first cut at this. The data will change as better information is made available.

Mr. Gaur then gave a detailed presentation on assumptions of Zone 7"s cash flow analysis, current financial position of the operating fund and the wholesale water enterprise. The second part of the presentation discussed rate design and rate structures, and looking at different options associated with wholesale rates. Comments and questions from the Board and public were discussed and questions were answered.

President Palmer asked for feedback from the retailers and public.

John Archer with Dublin San Ramon Services District (DSRSD) said that DSRSD has been included in all the discussions so far about fixed and variable costs and model assumptions. Staff has been working well with retailer staff. DSRSD"s rate is developed as a pass through, so one thing he asked staff is that as we develop even a blended rate we come up with something that can pass through, not having fixed charges on top of our fixed charges. DSRSD"s rate is at a fixed and variable component, with 30 percent being fixed. He asked that Zone 7 not make it too complicated, remembering that the retailers have to pass it through on a bill to customers and that is an impact on people who are paying for this.

Director Figuers asked Mr. Archer how his district is handling 30% plus drops in water use, as the same thing that is happening to DSRSD is happening to Zone 7. Mr. Archer said that several years back DSRSD instituted drought rates. Those charges have been in place and they have worked very well. They were ahead of the game by having the drought rates in place that could be implemented quickly. Mr. Archer said he does like the idea of having specific sunsets on any drought surcharges. DSRSD"s rates are set so that they coincide with Zone 7"s and they will increase on January 1, 2016, so if we push it off we are going to have the same challenge others will end up having, a double notice going out.

Leonard Olive, City of Pleasanton, said that Pleasanton is currently going through a study much like this, although they are approximately eight months into the process. They are trying to be quite thorough as they develop and model different variables. He said Pleasanton is unique as it is the only retailer that does not or has not been passing 100% of Zone 7"s rate through. On average Pleasanton passes through a little less than 90% and that factor was developed based in part on the amount of groundwater that is pumped annually. He said the rate design that is in front of council right now is in the Prop 218 stage. Rates may be heard at the October 6th council meeting, although the schedule may be flexible. In their new rate design, they will be passing 100% through to the customers.

Mr. Gaur added clarification by saying they are not suggesting any kind of inclining tiers on the wholesale side, they are just suggesting two components: One is a uniform rate for amount of water purchased and the other is a fixed component. The fixed component would be comprised of two elements: One is based on a 5-year historical rolling average of how much water is used, and the other one would be how much water you use during the summer time, or peak use. There will be no inclining tiers.

Mr. Olive reiterated that he thinks we are on the same page as we have the same concerns. He added that in the new rate proposal the City of Pleasanton will have a drought pricing add-on that only the council can invoke and then withdraw depending upon water conditions. Their drought surcharge began in 2014. It was volatile at first, but has proven to be effective, so they are doing the same thing this year. Pleasanton"s water sales are also down for the month of July, finishing at roughly 47 to 48 percent reduction. August may not be quite as robust, but is expected to be at least 45% conservation reduction. Mr. Olive summarized by echoing John Archer at DSRSD"s comments that we are here to work together. He liked the comment about raising rates to make up the shortfall, but suggested also taking a look at the other side, where can we save a little bit? The water purchase savings should be incorporated in the cost of service going forward. We get it. We are in the same position as Zone 7 is.

Helen Ling, Water Resources Division Manager at City of Livermore, Zone 7"s smallest retailer, said they serve a portion of the city of Livermore and Cal Water-Livermore District serves the other 2/3 of Livermore. Livermore appreciates the opportunity to work closely with staff and with Raftelis to provide input on Zone 7"s cost of service study. She said we are all in this together. The drought has really changed the conditions that we all operate under as water providers. Back in May when the San Juan Capistrano ruling came and the tiered rates were challenged, Livermore looked at moving forward with a rate study to see how defensible its tiers are, and whether they should be looking at a different rate structure, etc. As time has gone on its customers, just as the other valley retailers, are saving twice the state-required conservation standard. As the state adopts more and more laws and regulations that are changing how people are using water, we are not going to be back to what we used to know as normal, even after the drought is over. That is what Livermore is predicting. They are updating their water master plan and as part of that they are also going to be revisiting their rates. Fortunately, similar to DSRSD, when Livermore last adopted water rates they also adopted conservation rates. She reiterated that the City of Livermore appreciates working with staff. She said it has been really helpful for Livermore to be involved and to be able to make comments.

Alfred Exner, a Pleasanton resident, commented that he is glad we are having the workshop but was expecting more people to be involved. He proposed Zone 7 actually sit down at tables with the public. He would like to see, as Director Greci touched on, a serious look at costs. He said when talking about revenue vs. cost, the public needs to see that. He said a couple of months ago he pointed out that Zone 7 was eating into its reserves and the costs seemed to be out of alignment. The recommendation of a 3-year rate is a nice thing in what we call normal times, but may be unrealistic given we have no idea what next month is going to be like, let alone three years from now. He is looking forward to the public hearings and would like to see a lot of granularity on the cost side.

Ken Bradley said that what he saw this evening was pretty graphs, but the data might be somewhat fictional. Zone 7 has the responsibility of managing the entire system and without good data he doesn"t know how the agency can do that. He seconded everything the last speaker said. He did pose a question: Two years ago Zone 7 created a reserve fund for its reserve fund and he was one of those who spoke against it that night. He is wondering which reserve funds we are now talking about when we are talking about deficits.

Joe Ledbetter, Livermore resident, said he doesn‟t have a good way of telling whether or not the costs are reasonable. He did a quick back of the envelope calculation and said it looks like this district is spending about $2,000 per acre foot per year, and translated to per capita it is about $200. Is this reasonable? He suggested that the Board may want to compare numbers from other districts across the state. He also commented that it is hard to fathom that the cost to the district for the first thousand acre feet equals the cost to the district for the last thousand acre feet it provides. He said something is missing there and it seems that if you promulgate the average rates without looking at marginal costs, that‟s a big fallacy and perpetrating that is just going to make those who consume the least pay the most.

Carl Hickorelli, a resident of Pleasanton and wildlife biologist, said he is upset about what is happening. He would like to know what Zone 7 is going to do if we really have an El Nino. Interesting things are happening in Alaska. They just had a blue-green algae bloom from Nome all the way down to Monterey, so something is happening. We have some climatologic change. He wants to know what Zone 7 is doing to capture that water and to have an adequate supply of water for its customers. He is concerned over the amount of new construction in Pleasanton and the effects on wildlife in the area. As a past ecology instructor, he is familiar with the concept of care and capacity of the environment. He says excess building will supersede the care and capacity of our environment and that causes reverse damage. He said he hopes the agency tells the public what it is doing for the future because we have to have some kind of infrastructure in place. He doesn‟t know if that is the Chain of Lakes or Zone 7‟s desalination plant, but whatever it is, there should be some way to capture water and retain that water for emergencies like now.

Mer Cromer, a resident of Pleasanton, has been coming to the meetings because he is not in favor of the rate increase. He said is does not make a lot of sense when the more we conserve the more we have to pay. He mentioned that the timing is not right, knowing that we will probably have an El Nino coming in and suggested holding off on the rate increase until next year after the rains. He said property values in Pleasanton have been impacted because residents must cut back on watering and lawns look despicable. If rates are increased, people are going to use even less water and Zone 7‟s deficit could grow tremendously, even more than what it is now. That‟s going to be a problem. He said he agrees with the comments that Director Greci made. He urged the agency to show the public what it has done to reduce costs, especially if it is raising rates.

Ms. Duerig said that Zone 7 will take the comments received tonight and consider them while continuing to work with staff from the retailers and our consultant. A presentation in September will be the next step. The Water Resources Committee needs to get together with us and talk through some possible project deferrals to see how that would impact the water resource factors.

Director Greci said it is extremely important that we take aggressive action to ensure the numbers balance as it is imperative we act now. He is against using reserves. If this is presented to the public Zone 7 should also present what the agency is going to cut back on. Infrastructure is imperative, but cut out any gingerbread. The agency should review expenses and cut back on certain projects. Use common sense.

Director Stevens said that he likes what he saw and heard. He likes the change in the rate structure and is all for it, especially since the agency is way behind the times. The agency knows it must increase rates temporarily because of the drought. Zone 7 has been cutting costs for years in anticipation of this because of the fact that we saw these rates coming up and so we"re probably at a point where the only thing we can really cut is our capital improvement projects. He said he is very encouraged by this presentation and would like to proceed. When it comes down to numbers, he is sure the retailers and Zone 7 staff can work out what is best for everybody.

Director Ramirez Holmes commented that the numbers have to get in line. There are some items that we need to make sure we are tracking as we are looking at the numbers so that everything is adequate. For example, there are two amounts that were considered in the FY15-16 budget but were not included in the numbers here. One is that $3,000,000 is expected from the state. It has been awarded as a grant for some of our drought work and it hasn"t arrived yet. Secondly, Funds 110 (20%) and 130 (80%) Zone 7 will receive a $4,800,000 credit back from the state. It also would be great if we could see a report in terms of the close of June 30 as we are expecting some surplus. Those are numbers that we don"t have yet, so it is difficult to talk conceptual without that information. What does 17% mean? What does 3% mean in terms of someone"s bill, in terms of what we are doing as an agency? Conceptually it sounds great, but it is difficult to not be able to crunch real numbers. We need to make sure that all of the numbers match to what the board was given. Does this include, for example, the 3% increase that we"ve already approved for 2016? What are the reserve numbers that are necessary for the agency? Director Ramirez Holmes wants the consultant to be able to explain why the agency"s budget has gone up so much in the last few years. When she first became a board member the budget was $80,000,000. Now we are at $120,000,000. She would like to see clarification and a bigger discussion about these numbers. She suggested that a Finance Committee meeting be scheduled.

Ms. Duerig agreed that Director Ramirez Holmes is right in terms of what the consultant has agreed to do for the amount of money we"ve approved, so we can"t go off scope very easily, but we can certainly work at getting more information to the Board and staff. The focus of this study is Funds 100 and 120 which are funded by water rates.

Director Ramirez Holmes noted that the numbers have to be accurate in order to have an accurate picture of the cost of service study. President Palmer added that if you can footnote a trail in terms of how we got from there to here showing how the numbers changed, that would be useful.

Director Quigley said in hearing some of his Board colleagues" comments and the comments from our retailers and the public (he thanked them all for coming) and having been on this board since 2004, 11 years or more, he urges staff to throw in a paragraph or two about what Zone 7 did after the 2009 financial crash when Lehman Brothers went under and the agency held meetings and was desperate to tighten its belt, and in fact did so for several years. Zone 7 eliminated positions, gave golden handshakes, deferred projects and really tightened its belt, saving millions. Those figures are in the annual reports on Zone 7"s website dating back 10 years. There are some statements in those annual reports about cost savings. The thing this board does is keep costs for the public on track and reasonable. Some of those statements on how much the agency has saved over the years are really important for public consumption. They are needed in this rate report because we really squeeze the sponge a lot and there is not much fat. The retailers have been through those discussions, but the public may not be fully aware of the extensive actions already taken. Director Quigley encouraged our consultant to work with staff on a paragraph that tells the cost containment and deferrals that the agency has done at least since 2009, but it goes back to 2004 and 2005. Ms. Duerig agreed on that point. She shared that in 2007 the agency had a 99% ready-to-bid Altamont Treatment Plant that would have cost Zone 7 almost $200,000,000. It was decided to defer that project because of the slower growth and pulling that project at that point probably saved this agency from financial ruin. It was a great choice on the part of the Board. Unfortunately, what it meant was had that plant come online as it was planned by late 2009/2010, the ultrafiltration plant would have been phased out. Our costs for maintaining the UF plant have skyrocketed by trying to keep an obsolete plant online as we decide where we are going to go. Some of the staff decisions were, as Director Quigley said, the soft hiring freeze and a huge reduction in staff – it was 20% at one point – but one or two have been hired back as needs have dictated. Zone 7 also had a lot of contract labor for SCADA, telemetry and other things where the agency decided we could do it cheaper in-house and it has in fact worked out very well for us. There are many things the agency has done that have been significant. Ms. Duerig suggested that adding some slides that capture what Mr. Solitei went over in the beginning of this discussion would be a great idea. She further suggested adding a slide or two that talks about the cost savings that are ongoing for the agency.

President Palmer said that although there is a lot of talk about less water use so our treatment costs should be down, her understanding is that generally speaking, when you have a period of drought, the dissolved and suspended solids go up and treatment costs per unit go up as well. Ms. Duerig agreed that is quite true. In fact, Zone 7‟s unit treatment costs today are probably doubled the unit cost of pre-drought and that is because the water quality coming into the plants is so bad. As you are getting less runoff from snowmelt, as you are getting fewer releases from the reservoirs, the water is not as clean. As it is conveyed through the Delta, it picks up a lot of solids and other contaminants. Even though the Department of Water Resources has built a rock barrier to try to minimize the salt water intrusion, a lot of other degradation is still seen. A recent article said that the USGS thinks some of the algal growth we are seeing this summer is related to that, and when we have algal growth we have to add powdered carbon which increases costs enormously. Part of that is an outgrowth of having deferred the ozone project over and over again. President Palmer added it is more of a taste and odor problem. Ms. Duerig agreed it is right now for the most part, but again, some of the newer algae that we are seeing – Microcystis – has the potential to release some unpalatable side effects that are best treated with ozone. Due to the drought, we are seeing the decline in source water quality and have to use much more chemicals to make it potable. It is right to say the agency‟s chemical costs have certainly not gone down. Manning a plant 24/7, whether you are putting 10 MGD through it or 40 MGD, means that our labor costs to operate the plants are not going down. Our maintenance costs are going up because of some of the deferred projects. As Director Quigley suggested, we can add that to the discussion for this cost study and it will frame the discussion much better. President Palmer agreed that would be valuable because that is real. Director McGrail echoed that and added our fixed costs are our fixed costs. He suggested to Raftelis that although he realizes Raftelis is limited to do a certain task, he would like to see some education of the public while we investigate this and before we make a decision so that we have something as a basis on which we are making that decision. He believes a lot of the public does not realize what the fixed costs are and for them to see that we have cut back and saved and yet our costs are rising – that has got to be part of the equation.

Director Figuers said that, believe it or not, this is the fourth crisis in water to hit the valley. The first was in the mid-1950s with major floods in 1954 and 1955, coupled with the major dropping of the groundwater basin. That situation is what triggered the founding of Zone 7 and getting bonds in upwards of $20,000,000 in 1950 dollars. The second was Proposition 13: It took all of the agency‟s funding and basically threw it out the window, and many water districts were close to being financially insolvent. They wouldn‟t be able to pay State Water Project costs until the state did some stuff and we recovered from that. The third was the first major drought in late „80s/early „90s and that was actually worse than this one. That was a 6-year drought and the only reason it wasn‟t longer than that was that we had one year with a miracle March. That triggered a bunch of reserves to be established, increasing water rates. We got through that and now we are in the fourth, but the Zone has come through it all and we are going to come through this one. Zone 7 produces very good quality water and that is what we are going to continue to do. Situations like this happen every now and then. The big difference here is we keep using this term "drought" and "conservation" as if it‟s a temporary thing. When you say people are using less water because of a drought, there is an implication that when the drought is over usage is going to come back, which is what happened with the „90s drought. It is entirely possible that may not occur this time, or the increase won‟t be as large, but that could be offset by bringing more people into the valley. Director Figuers concluded with saying he doesn‟t know how to name that permanent loss outside of the jaded term "the new normal" but this study needs to somehow take that possibility into account also.

President Palmer thanked everyone in the audience for coming in. There will be more to come on this topic.

Item 5 – Consider Response to the 2014/15 Alameda County Grand Jury Final Report

David Aladjem, General Counsel, introduced the proposed response to the June 2015 Grand Jury Report. An earlier version of a response was circulated in last week‟s Board package, but after receiving comments from a Director, President Palmer decided to continue this item and the letter was modified. Mr. Aladjem invited comments from the Board and direction.

Director Figuers said the letter is extremely well-written. Director Stevens liked the first version better, but this version is fine. Director Quigley did not have a problem with the first version but this one is fine also. President Palmer said that substantively this version is very much the same as the first, the latter being a bit "preachy" so the Board modified it while still maintaining our message.

Director Figuers moved for approval of the resolution authorizing the President of the Board to provide the required Grand Jury response, and Director Quigley seconded the motion which was passed by a roll call vote of 5-2, with Directors Ramirez Holmes and McGrail voting no.

Resolution No. 15-84 — Authorized the President of the Board to Provide Required Grand Jury Response

Item 6 – Verbal Reports

Ms. Duerig announced that staff is working on a Flood Open House event. Staff will try to schedule this during Flood Awareness week which is the third week in October. As the details develop, staff will be reaching out to the cities and others to see who wants to participate. We have a lot of great ideas and are eager to make this happen.

Item 7 – Closed Session

None.

Item 8 – Adjournment

The meeting was adjourned at 5:48 p.m.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Flood Control
CONTACT: Joe Seto/Jarnail Chahal

AGENDA DATE: September 16, 2015 ITEM NO. 7a

SUBJECT: Resolution Proclaiming the Week of October 19-24, 2015 to be Flood Preparedness Week

SUMMARY:

- Zone 7 Water Agency is a participating member of the California Flood Preparedness Program, a statewide effort to educate the public about the dangers of flooding, how to prepare their homes and families for a flood, and plan for recovery.
- The fourth annual California Flood Preparedness Week (2015) will be held during the week of October 19-24.
- The theme for California Flood Preparedness Week 2015 once again is "Be Aware, Be Prepared, and Take Action!"
- Joining other sponsors like California Department of Water Resources, Federal Emergency Management Agency, US Army Corps of Engineers, NOAA National Weather Service, County of Sacramento, and FloodSAFE California, Zone 7 Water Agency expresses support for increased public awareness of flood threats, and encourages all Zone 7 residents to take action to know about flood threats and prepare appropriately.
- Zone 7 is also preparing, not only through normal winter preparation activities, but is also tracking the potential effects of El Niño.
- Residents and the general public can learn more about Flood Preparedness at the California Department of Water Resources' shortened link: http://bit.ly/cafloodprep
- Zone 7 is also hosting an open house for the public to learn more about flood preparedness from 4:00 to 6:00 pm on October 20, 2015 at 100 North Canyons Parkway, Livermore California.

FUNDING:

There is no funding impact associated with this action.

RECOMMENDED ACTION:

Adopt a Resolution proclaiming the week of October 19-24, 2015 to be Flood Preparedness Week.

ATTACHMENTS:

1. Resolution proclaiming the week of October 19-24, 2015 to be Flood Preparedness Week
2. Webpage for 2015 California Flood Preparedness Week (Exhibit A)

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Proclaiming the Week of October 19-24, 2015 to be Flood Preparedness Week

WHEREAS, Zone 7 Water Agency recognizes the significant public safety threat flooding poses to the population, assets and economy of our community; and

WHEREAS, in the last twenty plus years, every one of California's fifty-eight counties has experienced a federally-declared flood disaster resulting in the loss of lives, homes, precious possessions and costing billions of dollars; and

WHEREAS, Zone 7 residents have endured multiple numbers of flood events including the historic floods of 1955 and 1958. In recent history, Zone 7 applied for and received federal and state financial assistance for repair of damage from flood events during 1995, 1998 and 2005; and

WHEREAS, statewide over seven million people and at least $600 billion in assets (buildings, infrastructures and crops) are exposed to the hazard of flooding; and

WHEREAS, while California's weather is prone to extreme events such as the current drought, most droughts have ended in a major flood; and

WHEREAS, during California Flood Preparedness Week, local, state and federal agencies across the state work together to inform the public about the dangers of flooding, how to prepare their homes and families for a flood, and plan for recovery; and

WHEREAS, California Flood Preparedness Week 2015 will be held statewide during the week of October 19-24; and

WHEREAS, the theme for California Flood Preparedness Week 2015 is once again "Be Aware, Be Prepared, and Take Action!"

NOW THEREFORE, BE IT RESOLVED, that Zone 7 Water Agency will participate in California Flood Preparedness Week 2015, express support for increased public awareness of flood threats, and encourage all Zone 7 residents to be aware of flood risks, be prepared for potential flooding, and take appropriate action in times of flooding.

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 September 16, 2015.

By ___________________________________
President, Board of Directors

EXHIBIT A

Search

DWR California

HOME NEWSROOM & EVENTS ISSUES ABOUT US

2015 California Flood Preparedness Week

October 19 - 24, 2015

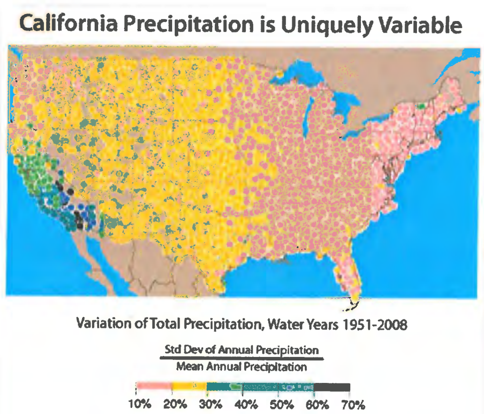
Be Aware, Be Prepared, and Take Action!

Welcome to the Flood Preparedness Website!

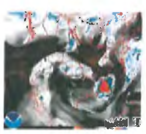
California: a Place of Extremes

With 840 miles of coastline; the highest and lowest points in the continental U.S.; more national forests than any other state, the tallest, largest, and oldest trees on earth and three deserts, California's topography and geography are diverse – perhaps even extreme. And, our weather is no less so. California holds world records for both the hottest day (134 degrees) and hottest rain (115 degrees) and U.S. snow records for both single storms (15.75 feet) and single season (74 feet). It's not just extreme events but the variability in annual precipitation and physical location that make the impacts of California's weather so diverse.

Precipitation in most of the country varies year to year 10 to 30 percent above or below the local long-term average. In most of California, precipitation varies year to year 30 to 70 percent above or below the local long-term average (see illustration at right). Additionally, California's physical location makes it subject to three very different types of storm phenomena: the North American monsoon season, storms from the northern Pacific Ocean, and atmospheric rivers.



Graphic illustrates the percentage of year to year variation above or below the long-term average. Please note: each dot represents a defined local area, increasing accuracy of information. (Graphic: Dr. Michael Dettinger, USGS)



North American Monsoon

Precipitation in the Inland Empire region of California is more influenced by the North American monsoon season than weather patterns along California's coast. The North American monsoon season occurs during the summer throughout the southwest when moisture flows northward from the Pacific Ocean and the Gulf of Mexico, producing a radical change in moisture conditions. Storms caused by this weather pattern are usually brief, extremely intense, and can cause flash flooding and mud slides – especially in burn areas.

Arctic Storm

From the north coast to the northeastern border of the state and into the Central Valley, California is subject to arctic storms that come from the northern Pacific Ocean and blanket the Cascade and Sierra Nevada mountains with snow during the winter, contributing significantly to the state's water supply in the form of snowpack. Typically, these storms are colder, carry less moisture and can have very high wind speeds .

Atmospheric River

California is also susceptible to atmospheric river storms (also called Pineapple Express). These storms are called atmospheric rivers because of the extreme amount of moisture they carry. Typically originating in the southwest, tropical area of the Pacific Ocean, atmospheric rivers are usually several long, narrow bands of warm moisture that get picked-up by passing winter storms. Atmospheric river storms are characterized by warm, heavy rainfall ahead of the cold front. This warm rain prevents snowpack from forming below 8,000 feet.

Though not all atmospheric rivers cause flooding and they are an important element in California's water supply, extended atmospheric river storms can contribute to loss of established snowpack and cause extreme flooding. Forty-two atmospheric rivers have impacted the state between 1997 and 2006. Seven caused significant flooding in the Russian River watershed, and the more widespread "New Year's Day Flood" of 1997 caused more than a billion dollars in damage.

California is experiencing one of the worst droughts on record, yet since 2012 the state has experienced at least $52.3 million dollars in flood damage and four-flood related fatalities. The state's physical location along the edge of the continent makes it subject to three very different types of storm phenomena, and the extreme variation in our annual precipitation means that every Californian must be both water-wise about conservation and aware that given the right conditions, flooding can happen any time of the year.

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: **OPERATIONS**
CONTACT: Colter Andersen/Kurt Arends

AGENDA DATE: September 16, 2015 ITEM NO. 7b

SUBJECT: Request for "Out-of-State" Travel to Attend the Annual AWWA Cal-Nevada Section Fall Conference

SUMMARY:

- Out-of-state travel authorization is requested for Production Manager Colter Andersen to attend the 2015 Fall California-Nevada Section of the American Water Works Association (AWWA) Conference.

- The California-Nevada Section - AWWA 2015 Fall Conference is being held on October 26-29, 2015 in Las Vegas, Nevada. The 2015 Conference will offer a wide variety of technical sessions, exhibits, and technical tours to share the latest on regulations, technologies, case studies, and research projects and their results. The Conference offers practical information that will increase base knowledge and skills on the challenges of facility rehabilitation and replacement, water quality, permitting, and current industry trends.

- Mr. Andersen is Chair of the Distribution System Water Quality Committee and is an active member of the section's Water Treatment Committee. Since the Conference also includes meetings of these committees and talks hosted by the committee he chairs, his attendance is very important to the organization.

- Staff recommend approving Mr. Andersen's request for out-of-state travel expenses to attend the Fall Conference.

FUNDING:
The Conference costs include a total of $500 for the registration fees plus travel, lodging, and miscellaneous expenses for a total of approximately $1,500. Funds are budgeted in the Water Enterprise Fund (100).

RECOMMENDED ACTION:
Adopt attached Resolution approving the reimbursement of actual and necessary expenses associated with Colter Andersen's attendance at the AWWA California-Nevada Section's 2015 Fall Conference in Las Vegas, Nevada.

ATTACHMENTS:
Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY:
SECONDED BY:

Out-Of-State Travel Expense Reimbursements to Attend the Annual AWWA California-Nevada Section Fall Conference

WHEREAS, Colter Andersen requests to attend the 2015 Fall Conference of the California-Nevada Section of American Water Works Association (AWWA) in Las Vegas, Nevada, from October 26 through October 29, 2015; and

WHEREAS, Colter Andersen chairs one of the AWWA committees that will be meeting at the Conference and hosting various talks at the Conference.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that Colter Andersen's out-of-state travel to attend the 2014 Fall Conference of the California-Nevada Section of American Water Works Association (AWWA) in Las Vegas, Nevada, from October 26 through October 29, 2015, is hereby approved, and reimbursements of actual and necessary expenses associated with his attendance is hereby authorized.

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 **September 16, 2015**

By: ______________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING DIVISION: Integrated Planning Group
CONTACT PERSON: Sal Segura/Carol Mahoney

AGENDA DATE: September 16, 2015 ITEM NO: 7c

SUBJECT: **Agreement for Construction of New Untreated Olivina Turnout**

SUMMARY:

- Charles F. Crohare obtained a 52 acre-foot transfer of untreated water on September 26, 2013.
- Mr. Crohare submitted an application on March 7, 2014 for construction of a new untreated water turnout on his Olivina property in Livermore.
- All costs for constructing a new turnout or modifying or maintaining a turnout are paid by the applicant – in this case, Olivina.
- Staff has been coordinating with the Department of Water Resources (DWR) to obtain design and construction approval for a new turnout.
- Olivina made deposits totaling $39,000 to cover Zone 7 and DWR costs up through and including construction inspection.
- Olivina retained Quincy Engineering to produce the turnout design and hired a construction company to build the turnout.
- Olivina retained ESA, Inc., to prepare the appropriate CEQA analysis.
- Zone 7, as lead agency, filed a Class 3 categorical exemption with Alameda County on August 11, 2015.
- Prior to final approval, Zone 7 must enter into an agreement with DWR for construction, operation and maintenance of the Olivina Turnout.

FUNDING:

There is no cost to Zone 7.

RECOMMENDED ACTION:

Adopt the attached resolution authorizing the General Manager to negotiate and execute an agreement with DWR for Construction, Operation and Maintenance of the Olivina Turnout and any other related documents.

ATTACHMENTS:

- Interoffice Memorandum
- Resolution
- Draft Agreement

INTEROFFICE MEMORANDUM

DATE: September 16, 2015

TO: Jill Duerig, General Manager

FROM: Sal Segura, Associate Engineer, Integrated Planning

SUBJECT: Agreement for Construction of New Untreated Olivina Turnout

BACKGROUND:

Untreated water deliveries to the Zone 7 service area from the California Department of Water Resources (DWR), via the South Bay Aqueduct (SBA), began in 1962. Zone 7 administers the untreated water program on behalf of DWR and the local water users. As such, Zone 7 and DWR are compensated for staff time and associated costs when a new turnout from the aqueduct is constructed. It is anticipated by DWR that Zone 7, as the administrator of the program, will enter into agreement with DWR for the construction, operation and maintenance of the turnout on behalf of the user. The user is responsible for all such costs associated with design, permitting, construction, and use.

DISCUSSION:

On September 26, 2013, Charles F. Crohare obtained a 52 acre-foot transfer of untreated water from Walter Detjens, a former Livermore farmer. After the transfer, Mr. Crohare determined that a new turnout would be necessary for him to effectively use the untreated water at his Olivina Property in Livermore. On March 7, 2014, Zone 7 received an application for construction of a new untreated water turnout at the Olivina Property. Mr. Crohare then made a deposit of funds to cover administrative costs for both DWR and Zone 7. DWR and Zone 7 have since collaborated with Mr. Crohare's consultants to develop a design and appropriate CEQA documentation to build the turnout. The design has been approved by DWR and a notice of exemption has been filed by Zone 7. Prior to construction, DWR requires an agreement with Zone 7, as the responsible State Water Contractor, for construction, maintenance and operation of the new turnout. Zone 7 has a final draft of the agreement ready for signature. Mr. Crohare has retained a firm for construction of the turnout at his Olivina property, within DWR's right-of-way, Milepost 37+50 on the Branch Pipeline.

RECOMMENDATION:

Staff recommends adopting the attached resolution.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, Charles F. Crohare obtained 52 acre-feet of untreated water allocation via transfer from Walter H. Detjens in September 2013; and

WHEREAS, in March 2014, Mr. Crohare formally requested a new turnout for Olivina on the Branch Pipeline within DWR's right-of-way in Livermore; and

WHEREAS, Olivina has made a deposit to cover DWR and Zone 7 administrative and inspection costs for construction of the Olivina Turnout; and

WHEREAS, Olivina has retained ESA to prepare CEQA documentation and ESA has determined that said project is categorically exempt under Class 3, Section 15303; and

WHEREAS, Zone 7 has filed a Notice of Exemption with Alameda County; and

WHEREAS, Zone 7 must enter into agreement with the California Department of Water Resources to authorize construction of the new turnout;

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 the Agreement with DWR for Construction, Operation and Maintenance of the Olivina Turnout (SWPAO # 15602).

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution Adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on

September 16, 2015

By:____________________________________
President, Board of Directors

State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT BETWEEN
THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF CALIFORNIA
AND
ALAMEDA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT, ZONE 7,
FOR
CONSTRUCTION, OPERATION AND MAINTENANCE
OF THE OLIVINA TURNOUT,
A PERMANENT TURNOUT WITHIN
THE SOUTH BAY AQUEDUCT'S RIGHT OF WAY

SWPAO #15602

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California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT BETWEEN
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WATER CONSERVATION DISTRICT, ZONE 7,
FOR
CONSTRUCTION, OPERATION AND MAINTENANCE
OF THE OLIVINA TURNOUT,
A PERMANENT TURNOUT WITHIN
THE SOUTH BAY AQUEDUCT'S RIGHT OF WAY

SWPAO #15602

THIS AGREEMENT is made this ________day of _________________, 2015, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California, between the Department of Water Resources of the State of California, hereinafter called "DWR," and Alameda County Flood Control and Water Conservation District, Zone 7, hereinafter called "Zone 7." As used in this Agreement, "Party" or "Parties" means a signatory to this Agreement.

RECITALS

A. DWR is authorized to construct, operate and maintain facilities for the storage and conveyance of water, certain of which facilities will make water available to Zone 7's service area.

B. Zone 7 has contracted with DWR for State Water Project (SWP) water service and other water deliveries under Zone 7's long-term water supply contract, with supplies to be delivered through the South Bay Aqueduct to Zone 7's service area.

C. Olivina, LLC has contracted with Zone 7 to purchase water delivered through a turnout at Station 37+50 (Milepost 0.33) of the Del Valle Branch Pipeline, in Repayment Reach 5 of the South Bay Aqueduct, hereinafter referred to as the "Olivina Turnout".

D. DWR is willing to permit Zone 7 to construct, on DWR's right of way, a permanent turnout from the South Bay Aqueduct subject to all the terms and conditions of this Agreement.

E. Compliance with the California Environmental Quality Act (CEQA) for this Agreement relies on the Notice of Exemption filed by Zone 7, as lead agency, with the Alameda County Clerk on August 11, 2015. DWR, as a responsible agency, has considered this document prior to entering into this Agreement and will file a Notice of Exemption upon execution of this Agreement.

AGREEMENT

STANDARD PROVISIONS

This Agreement governs the construction, operation and maintenance of the Olivina Turnout as follows:

1. LOCATION AND DESCRIPTION
The Olivina Turnout will consist of a new 6-inch permanent connection to DWR's existing manhole located at Station 37+50 (Milepost 0.33) of the South Bay Aqueduct's Del Valle Branch Pipeline, thus minimizing operational impacts to SWP facilities and the Olivina Ranch property. SWP water delivered through this structure will feed into the Olivina Ranch's water treatment and distribution systems for agricultural needs. Turnout components include, but are not limited to: 6-inch steel pipe, magnetic flow meter and chart recorder, butterfly valves, check valves, pressure relief valves, and related appurtenances. The maximum design capacity of the turnout will be 320 gallons per minute, or 0.7 cubic feet per second.

2. OWNERSHIP, OPERATION AND MAINTENANCE OF FACILITIES
Under this Agreement, and upon DWR's issuance of the formal Statement of Acceptance of the Olivina Turnout as described in Article 29, DWR will own, operate and maintain the flow meter, chart recorder and all facilities constructed, and all devices and equipment installed, within its right of way. All other facilities constructed beyond DWR's right of way shall be owned, operated and maintained by Zone 7. DWR's operation and maintenance activities may include future installation of additional or replacement devices and equipment and any operation, maintenance, repair or other activity related to the South Bay Aqueduct as deemed necessary by DWR.

   DWR shall regularly examine, test and service such measuring devices and equipment to ensure their accuracy only if Zone 7 is actively using the structures for SWP delivery. DWR will deem delivery structures inactive if Zone 7 stops receiving SWP water through such structures for a period of two (2) years. DWR will not maintain delivery structures that are inactive. It is up to Zone 7 to determine the status of the delivery structure based on the time period stated above. In cases where DWR deems the delivery structure inactive, Zone 7 shall be responsible for the cost of restoring its appurtenances and the measuring devices back to acceptable DWR standards, as determined by DWR, prior to any further SWP deliveries.

3. DWR'S MAINTENANCE AND REPAIRS
DWR may, at any time during construction, operation or maintenance of Olivina Turnout, perform or cause the performance of any work it deems necessary, by its forces or other contractors, at or near the site of the work. Zone 7 shall cooperate with such forces or other contractors, conduct its operations in such a

manner as not to cause any unnecessary delay or hindrance of the other contractor's work, and adjust and coordinate its work with the other contractors so as to permit proper completion of all work in the area.

When DWR, Zone 7, or any contractors or subcontractors are performing work on the turnout facilities within DWR's right of way, or are sharing material sources, storage area, or disposal area for such work, Zone 7 shall be responsible to DWR, its forces, contractors or subcontractors for any injury, damage or loss caused by the operations of Zone 7 or by the unnecessary delay or hindrance of the work of DWR's forces, contractors or subcontractors.

4. ZONE 7's REPAIRS TO STATE FACILITIES

Zone 7 shall remedy any actual or threatened impairment or damage to DWR's facilities, or DWR's right of way, caused by Zone 7's exercise of its rights under this Agreement, including that from any abandoned work, and any and all impairment or damage to DWR facilities that would not have occurred had such work not been done, or facilities not been constructed, under this Agreement. In the event Zone 7 fails to undertake such repair or removal, or elects to have DWR undertake such repair or removal, DWR, after giving reasonable notice to Zone 7, may arrange for the necessary repair or removal, and Zone 7 shall reimburse DWR the full cost of such repair or removal. DWR may require an advance deposit sufficient to pay the estimated cost of the repair or removal prior to its performance. Zone 7 shall furnish this deposit upon request.

5. RIGHTS OF ACCESS

DWR grants to Zone 7 permission to enter upon DWR's right of way, at Station 37+50 of the South Bay Aqueduct's Del Valle Branch Pipeline situated in Alameda County, California, to construct the Olivina Turnout. The right of access is limited to that portion of DWR's right of way as is reasonably necessary to construct the facilities that will convey water delivered to Zone 7 by DWR. Zone 7's access shall not be conducted in any way that would interfere with DWR activities in DWR's right of way. DWR shall have right of access at all times to the Olivina Turnout facilities, including the flow meter, chart recorder and related communications equipment and data, constructed or produced under this Agreement for the purposes of observation, inspection, operation and maintenance.

Zone 7 shall secure written approval from DWR's Chief of the Delta Field Division at (209) 833-2027 prior to making any physical construction or modifications to the Olivina Turnout, or entering upon DWR's right of way to perform work authorized under this Agreement. Zone 7's right of entry shall be limited to that portion of DWR's property as is reasonably necessary to accomplish the work authorized under this Agreement.

6. <u>COSTS AND INVOICING</u>

Zone 7 is responsible for and shall pay all costs incurred by DWR which, in the opinion of DWR, are properly attributable to the work authorized under this Agreement. Zone 7 agrees to pay DWR as invoiced.

(a) Costs shall include, but are not limited to, one or more of the following:

(1) Costs incurred by DWR in conducting its reviews and approvals under Article 23 of this Agreement;

(2) Costs related to the actual on-site inspection of the construction area, including salaries, travel expenses and other incidental costs of such inspection;

(3) Operation and maintenance costs of the permanent Olivina Turnout; and

(4) All other authorized costs incurred by DWR and not otherwise described in (1), (2) or (3) above.

(b) DWR will invoice for costs, or refund any excess payments, under one or more of the following methods or conditions:

(1) Prior to DWR initiating any work as requested by Zone 7 under this Agreement, DWR may issue advance billing invoices to Zone 7 for payment of estimated costs. Each advance billing shall identify expected tasks and estimated costs for construction, operation, maintenance or other activities authorized under this Agreement;

(2) DWR may issue interim or advance billings to Zone 7 by one or more invoices for additional actual or estimated costs;

(3) DWR will promptly refund Zone 7 for any excess payment resulting from the advance or interim billings, or in the event a deficiency results, DWR will invoice Zone 7 for the extra costs; and

(4) DWR will invoice Zone 7 for any costs of operations and maintenance, as necessary, after completion of the Olivina Turnout construction.

(c) All DWR invoices for costs incurred under this Agreement are due and payable within 30 days after the date of the invoice. Unpaid amounts of such invoices will become delinquent after the due date and interest shall accrue thereon at a rate of 1 percent per month from the date the payment was due. However, no interest shall be charged unless delinquency continues for more than 30 days.

7. CONTRACTING OFFICER OF DWR

DWR's contracting officer shall be the Director of the Department of Water Resources of the State of California and his successors, or his duly authorized representatives. The contracting officer shall be responsible for all discretionary acts, opinions, judgments, approvals, reviews and determinations required of DWR under this Agreement.

8. AQUEDUCT PROTECTION

Protection and maintenance of the integrity of the South Bay Aqueduct shall be the primary concern of all Parties to this Agreement in all activities related to the construction, operation and maintenance of the Olivina Turnout. If, in the judgment of DWR, any occurrence threatens the integrity of the South Bay Aqueduct during the construction, operation and maintenance of the turnout facilities, DWR may order the activity halted immediately and Zone 7 shall, at its sole cost, restore the site to a condition that DWR determines to be necessary, or take other action that DWR determines to be necessary to protect the facilities of the South Bay Aqueduct. DWR shall have the option to perform any protective work directly with its own resources, in which case Zone 7 shall reimburse DWR for all costs incurred by DWR in performing the work.

9. FENCES AND GATES

Zone 7 shall keep all fences and gates constructed on DWR's right of way in good repair. After DWR's written acceptance of the completed turnout, as described in Article 29 of this Agreement, the gates and fences shall become the property of DWR and be maintained by DWR. DWR and Zone 7 shall keep gates closed and locked except when in actual use. Zone 7 shall provide DWR with keys to all lockable gates constructed by Zone 7 on DWR's right of way.

10. WATER POLLUTION

Zone 7 shall not store or discard material capable of water pollution on lands or water covered by this Agreement, except within protected areas approved by DWR. Zone 7 shall store such material in a manner as to prevent its discharge.

11. REASONABLE CARE

Zone 7 shall exercise reasonable care in the performance of activities under this Agreement to ensure that DWR's facilities are not impaired or damaged.

12. NOTICES

Unless otherwise provided in this Agreement, any notice that is required either expressly or by implication to be given by any Party to any other Party or Parties under this Agreement shall be signed for DWR by, or on behalf of, its contracting officer, and for Zone 7 by such officer(s) as are authorized in writing to so act. All communications or notices in connection with this Agreement shall be deemed to have been given if delivered personally or if enclosed in a properly addressed and stamped envelope and deposited with the U.S. Postal Service for delivery by registered or certified mail, postage prepaid. Facsimile or electronic mail will be accepted as long as it is immediately followed by a written, signed notice sent by U.S. mail, postage prepaid. Except as otherwise provided in this Agreement, and or until formally notified otherwise, all notices shall be addressed to the Parties at the addresses shown below:

Chief
State Water Project Analysis Office
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

General Manager
Alameda County Flood Control and
Water Conservation District, Zone 7
100 North Canyons Parkway
Livermore, California 94551-9486

13. LIABILITY

(a) Zone 7, its agents, employees and contractors, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees or agents of DWR. DWR assumes no liability for the activities of Zone 7 in performance of this Agreement, including uses of data generated at the Olivina Turnout. Zone 7 is responsible for all liability including, but not limited to: personal injury or property damage arising out of the facilities constructed or rights exercised under this Agreement, or arising out of Zone 7's actions under this Agreement, excepting only such injury, damage or loss caused solely by the negligence or willful misconduct of DWR, its officers, employees and agents.

(b) Zone 7 agrees to defend and hold DWR, its officers, employees and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees and agents from all lawsuits, costs, damages, judgments, attorney fees and liabilities that DWR, its officers, employees and agents incur as a result of DWR providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees and agents.

14. INSURANCE DURING OPERATION AND MAINTENANCE

(a) While this Agreement is in effect, Zone 7 shall maintain and furnish to DWR evidence of insurance against all claims and liability for which Zone 7 may be liable under this Agreement and include DWR, its officers, employees and agents named as additional insureds in:

(1) Liability insurance policies with limits of not less than $5,000,000 for each occurrence and aggregate. The policies are to provide coverage for premises operations, products/completed operations, personal/advertising injury and independent contractors. The required coverage and limits may be provided with a combination of general liability and umbrella/excess liability policies. Umbrella or excess liability policies shall contain a clause stating the coverage takes effect (drops down) in the event the primary limits are impaired or exhausted. The aggregate limits provided by the policies shall apply on a per-location or per-project basis.

(2) Auto liability with a limit of no less than $1,000,000 for each accident. Coverage shall be for all owned, hired and non-owned autos.

(3) Workers' compensation insurance that satisfies California statutory limits and employers' liability of no less than $1,000,000. The workers' compensation policy shall include a waiver of subrogation in favor of DWR.

(b) Such policy/policies shall not contain any provision against cross liability between named insureds, but shall include a 45-day notice provision for termination by the insurer of such policy/policies. Zone 7 shall provide certificate(s) to DWR for the policy/policies upon execution of this Agreement. Zone 7 shall provide the additional insured endorsements for the liability and auto policies and the workers' compensation waiver of subrogation endorsement with the certificate(s).

(c) DWR shall agree in advance to any policy/policies containing deductibles or providing self-insurance.

(d) Zone 7 shall maintain the insurance coverage required under this Article at all times while this Agreement is in effect, and DWR will not be responsible for any premiums, deductibles or assessments on the policies. In the event such insurance coverage is due to expire at any time while this Agreement is in effect, Zone 7 shall file with DWR, at least 45 days prior to such date of expiration, a new certificate of insurance evidencing uninterrupted coverage as required in this Article. New certificates of insurance shall be subject to approval by DWR for compliance with the terms of this Agreement. Such approval shall be conclusively presumed in the absence of written objection by DWR within 30 days of DWR receiving the certificates from Zone 7. In the event insurance coverage lapses, DWR may terminate this Agreement. For all activities performed under this Agreement in which Zone 7 is liable, Zone 7 shall be liable for the full amount even if the amount of liability exceeds the amount of the insurance policy maximum.

15. OPINIONS AND DETERMINATIONS
Where this Agreement provides for action to be based upon the opinion, judgment, approval, review or determination of a Party or Parties, such terms are not intended to be, and never shall be, construed as permitting such opinion, judgment, approval, review or determination to be arbitrary, capricious or unreasonable.

16. COMPLIANCE WITH ALL LAWS
In exercising its rights under this Agreement, Zone 7 shall, at its expense, be responsible for complying with all applicable laws and regulations, including but not limited to: the California Environmental Quality Act; the Federal and California Endangered Species Acts, Fish and Game Code Sections 1602-1603, the Clean Water Act, the California Occupational Safety and Health Act, and for securing any required consent, permit or order. At the request of DWR, Zone 7 shall provide written proof that any such consent, permit or order was properly obtained. In the event Zone 7 fails to comply with applicable laws or to secure required permits, DWR may terminate this Agreement.

17. PRIOR RIGHTS
This Agreement is subject to all prior rights contained in unexpired permits, agreements, easements or other prior rights whether recorded or unrecorded to the real property affected by this Agreement. Zone 7 shall make its own arrangements with holders of such prior rights.

18. WAIVER OF RIGHTS
Any waiver at any time by a Party of its rights with respect to a default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other default or matter.

19. WAIVER OF DAMAGE CLAIMS
Zone 7 agrees to waive all claims for possible future damage to the Olivina Turnout due to DWR's actions, unless the damage results from the sole negligence or willful misconduct of DWR, its officers, employees and agents.

20. SUCCESSORS AND ASSIGNS OBLIGATED
This Agreement and all of its provisions shall apply to and bind the successors and assigns of the Parties.

21. ASSIGNMENT
No assignment or transfer of this Agreement or any part thereof, rights hereunder, or interest herein by Zone 7 shall be valid unless and until the assignment or transfer is approved in writing by DWR and made subject to such reasonable terms and conditions as DWR may require.

22. MAINTENANCE AND INSPECTION OF BOOKS, RECORDS, AND REPORTS
During regular office hours, each Party and their duly authorized representative shall have the right to inspect and make copies of any books, records and reports of any other Party pertaining to this Agreement. Each Party shall maintain and make available for such inspection accurate records of all its costs, disbursements, receipts and deliveries with respect to its activities under this Agreement.

PRECONSTRUCTION PHASE

23. DRAWINGS, SPECIFICATIONS AND DATA
To satisfy DWR's requirements for protection of the South Bay Aqueduct and to ensure the flow measurement, control devices and related equipment meets DWR's accuracy and operational requirements, Zone 7 shall furnish design drawings, specifications, data or calculations as requested by DWR, and any addenda or any substantial changes to such drawings, specifications and data to DWR for written approval prior to performance of any work under this Agreement. All of Zone 7's drawings and specifications shall be prepared by a registered Professional Engineer as defined in Section 6701 of the California Business and Professions Code. Zone 7 shall submit changes on drawings in the same manner as the original design drawings are submitted. Such drawings, specifications and data shall be submitted in a sequence that will allow their review and approval in an orderly and timely manner. Ten legible prints of each drawing and ten sets of specifications and data shall be furnished to DWR. Specifications, data, and drawings shall be submitted to:

Chief, State Water Project Analysis Office
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

DWR shall notify Zone 7 in writing of its approval or disapproval of such drawings, specifications and data. One print of each drawing, and one copy of specifications and data will be returned to Zone 7 marked "APPROVED FOR CONNECTION TO THE STATE WATER PROJECT," "APPROVED AS NOTED FOR CONNECTION TO THE STATE WATER PROJECT," or "DISAPPROVED." Zone 7 shall not commence construction of any facilities on DWR's right of way for which the drawings, specifications and data have not been approved by DWR.

Zone 7 shall also submit for DWR's approval a proposed construction schedule, manufacturers' catalogs, data, copies of certificates of competence for construction workers requiring certificates, materials certificates and test reports. Zone 7 shall also submit for DWR's approval any shop drawings that change items previously approved in the plans and specifications.

DWR's approval of any drawings, specifications or data shall not subject DWR to any liability nor shall such action modify Zone 7's liability under Article 13 of this Agreement. Upon completion of the facilities to be constructed under this Agreement, and prior to DWR's written acceptance of the work described in Article 29 of this Agreement, Zone 7 shall furnish to DWR, within 30 days of project completion, reproducible prints and electronic copies of as-built drawings for the Olivina Turnout facilities constructed on DWR's right of way, including copies of all contract change orders and manufacturer manuals for operation and maintenance of devices and equipment. These as-built plans shall contain any deviations from the approved construction plans, including changes made by contract change orders.

CONSTRUCTION PHASE

24. INSURANCE DURING CONSTRUCTION

(a) While this Agreement is in effect throughout the period of construction on DWR's right of way, and continuing until DWR's formal Statement of Acceptance as described in Article 29 of this Agreement, Zone 7 shall maintain and furnish to DWR evidence of insurance against all claims and liability for which Zone 7 may be liable under this Agreement and include DWR, its officers, employees and agents named as additional insureds in:

(1) Liability insurance policies with limits of not less than $5,000,000 for each occurrence and aggregate. The policies are to provide coverage for premises operations, products/completed operations, personal/advertising injury and independent contractors. The required coverage and limits may be provided with a combination of general liability and umbrella/excess liability policies. Umbrella or excess liability policies shall contain a clause stating the coverage takes effect (drops down) in the event the primary limits are impaired or exhausted. The aggregate limits provided by the policies shall apply on a per location or per project basis.

(2) Auto liability with a limit of no less than $1,000,000 for each accident. Coverage shall be for all owned, hired and non-owned autos.

(3) Workers' compensation insurance that satisfies California statutory limits and with employers' liability of no less than $1,000,000. The workers' compensation policy shall include a waiver of subrogation in favor of DWR.

(b) Such policy/policies shall not contain any provision against cross liability between named insureds, but shall include a 45-day notice provision for termination by the insurer of such policy/policies. Zone 7 shall provide certificate(s) to DWR for the policy/policies upon execution of this Agreement. Zone 7 shall provide the additional insured endorsements for the liability and auto policies and the workers' compensation waiver of subrogation endorsement with the certificate(s).

(c) DWR shall agree in advance to any policy/policies containing deductibles or providing self-insurance.

(d) Zone 7 shall maintain the insurance coverage required under this Article at all times from the filing of the notice of entry for construction to DWR's formal Statement of Acceptance, and DWR will not be responsible for any premiums, deductibles or assessments on the policies. In the event such insurance coverage is due to expire at any time prior to DWR's formal Statement of Acceptance, Zone 7 shall file with DWR, at least 45 days prior to such date of expiration, a new certificate of insurance evidencing uninterrupted coverage as required in this Article. New certificates of insurance shall be subject to approval by DWR for compliance with the terms of this Agreement. Such approval shall be conclusively presumed in the absence of written objection by DWR within 30 days of DWR receiving the certificates from Zone 7. In the event insurance coverage lapses, DWR may terminate this Agreement. For all activities performed under this Agreement in which Zone 7 is liable, Zone 7 shall be liable for the full amount even if the amount of liability exceeds the amount of the insurance policy maximum.

25. <u>NOTICE OF ENTRY FOR CONSTRUCTION</u>

Zone 7 shall notify DWR in writing at least seven days prior to entering upon any portion of DWR's right of way. Zone 7's notice shall include the estimated start date of construction, the names and telephone numbers of Zone 7's contractors responsible for the construction work, and the names and telephone numbers of Zone 7's field representatives who will be available at the site. Notice shall be sent to the following DWR representative:

Chief, Delta Field Division
Department of Water Resources
5280 Bruns Road
Byron, California 94514-1917

If there are any changes in the notice of entry such as dates or names, Zone 7 shall notify the Chief of the Delta Field Division of the changes, at (209) 833-2027, before entering DWR's right of way under this Agreement, or immediately if entry has already occurred.

26. STANDARDS OF CONSTRUCTION

All construction within DWR's right of way shall conform to DWR's requirements for protection of the South Bay Aqueduct and to requirements for DWR-approved flow measuring devices. All construction shall be performed to the satisfaction of DWR.

27. WARNING DEVICES

Zone 7 shall furnish, erect and maintain fences, barriers, lights, signs and provide flag-persons or guards as are reasonably necessary to protect persons and property from the construction of the facilities under this Agreement. Zone 7 shall provide adequate warning of any dangerous condition to be encountered as a result thereof, or as a result of any right exercised or duty performed under this Agreement.

28. LOCATION OF CONTROL CABLE(S)

At least seven days prior to starting any excavation on DWR's right of way, Zone 7 shall contact (a) Underground Service Alert (USA) at (800) 227-2600 to locate buried cable(s) and underground facilities in the construction area, and (b) DWR's Delta Field Division's Engineering Branch Supervisor at (209) 833-2023. No excavation shall be done until the cable(s) and underground facilities have been located, and prior approval has been obtained as described in Article 5. The cable(s) shall be located and exposed only through the use of hand-held tools. DWR requires the presence of its representative throughout the cable exposure process. Zone 7 shall show any cables and underground facilities encountered during construction of the turnout on the as-built drawings submitted by Zone 7.

29. INSPECTION AND ACCEPTANCE

DWR shall inspect all of the construction authorized by this Agreement for conformity with the approved drawings and specifications, for protection of DWR's property, and for avoidance of any interference with DWR's construction, operation and maintenance of the area. DWR shall perform inspections in such a manner as not to delay construction unnecessarily. DWR will assign an inspector and will furnish his/her name and contact information to Zone 7. DWR's requirements concerning the approved drawings and specifications shall not be waived by either the inspection or the lack of inspection of any portion of such construction, nor the presence or absence of DWR's inspector during such construction. DWR may notify Zone 7 to halt construction in the event that construction does not conform to DWR's requirements. Zone 7 shall halt construction immediately upon receipt of notification. DWR will allow Zone 7 to resume construction upon meeting DWR's requirements. Zone 7 shall provide inspection of the construction by a registered Professional Engineer as defined in Section 6701 of the California Business and Professions Code. DWR's representative will perform an inspection after Zone 7 has completed construction and site restoration.

DWR will forward a formal Statement of Acceptance to Zone 7 when all of the following conditions are met:

(a) DWR finds the facilities constructed by Zone 7 are satisfactory;

(b) Zone 7 has submitted to DWR a set of reproducible as-built drawings within 30 days of project completion that have been stamped and signed by a Professional Engineer; and

(c) Zone 7 has submitted all related documents to DWR under Article 23 of this Agreement.

Inspections and acceptance conducted by DWR under this Article shall not subject DWR to any liability, nor shall such actions modify or qualify Zone 7's liability under Article 13 of this Agreement.

30. BORROW, WASTE, AND STOCKPILING
Zone 7's borrow, waste and stockpiling during construction will be permitted only as shown on drawings and specifications submitted to and approved by DWR's Delta Field Division's Engineering Branch Supervisor or his/her delegated representative.

31. DRAINAGE
If the work under this Agreement interferes with DWR's established drainage, Zone 7 shall provide for alternative drainage during construction and shall restore existing drainage after completion of each construction phase in the area, as directed by DWR.

32. BACKFILL
Zone 7 shall ensure that all backfill be moistened as necessary and thoroughly compacted to a relative compaction equal to or greater than that of the material excavated, or as otherwise required by the approved drawings or specifications.

33. CLEANUP AFTER CONSTRUCTION
Upon completion of any work under this Agreement, Zone 7 shall restore DWR's right of way to a presentable condition as approved by DWR. In the event Zone 7 fails to restore the affected site to a presentable condition approved by DWR, DWR may do the work or cause the work to be done, and Zone 7 shall reimburse DWR the full cost of the restoration.

34. FAILURE TO BEGIN CONSTRUCTION-SITE RESTORATION
In the event that Zone 7 fails to begin construction authorized by this Agreement for a continuous period of two years after DWR's approval of drawings and specifications, or fails, neglects or refuses to comply with any of the conditions set forth in this Agreement, all rights of Zone 7 described in this Agreement shall terminate upon 60 days advance notice by DWR. In the event Zone 7 abandons

any of such construction for a continuous period of 3 months, upon 30 days advance notice from DWR, Zone 7 shall begin to restore the affected site to a condition approved by DWR. If Zone 7 fails to restore the affected site to a condition approved by DWR within 90 days after the notice, DWR may do the work or cause the work to be done, and Zone 7 shall reimburse DWR the full cost of the restoration.

35. PERMANENT INTAKE
DWR will provide Zone 7 with at least 45 days advance notice of plans to cease flows in that portion of the Del Valle Branch Pipeline in the vicinity of the Olivina Turnout for a period of time that DWR considers sufficient to allow construction and tie in of the approved permanent delivery structure. Zone 7 shall construct and tie in the permanent delivery structure during the time the water flow is ceased.

36. NO IMPACT ON OTHER SWP CONTRACTS
This Agreement shall not be administered or interpreted in any way that would cause adverse impacts on the allocations or deliveries of SWP approved Table A water, SWP Article 21 water, SWP contractors Article 55 water, any other SWP water supplies, or SWP operations or facilities serving other SWP water supply contractors.

37. ENVIRONMENTAL CLEARANCE
Zone 7 shall not enter the site for construction until after receiving notice that the site has been inspected by a DWR environmental specialist for possible environmental problems and for compliance with required mitigation measures. If threatened or endangered species are found, DWR shall consult with the California Department of Fish and Wildlife or the U.S. Fish and Wildlife Service and seek an agreement for the relocation of the species. DWR shall charge mitigation costs to Zone 7 as turnout costs under this Agreement.

38. EXECUTION IN COUNTERPART
This Agreement may be executed in counterpart. The Parties agree to accept facsimile or electronically scanned signatures as original signatures. The Agreement shall take effect as soon as all parties have signed.

Immediately after signing, Zone 7 shall transmit a copy of the signed Agreement, along with their Board of Directors' approval if needed, by facsimile to Mr. Robert B. Cooke, Chief, State Water Project Analysis Office, at (916) 653-9628, or by electronic file to swpao-chief@water.ca.gov.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

Approved as to legal form and sufficiency:	STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
____________________________ Chief Counsel Department of Water Resources	____________________________ Robert B. Cooke, Chief State Water Project Analysis Office
____________________________ Date	____________________________ Date

ALAMEDA COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT,
ZONE 7

____
General Manager

____
Date

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: GINGER STATON/TOM PICO

AGENDA DATE: September 16, 2015 ITEM NO: 8

SUBJECT: July Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in August and selected the Employee of the Month for July 2015 according to the established Program Guidelines. The individual chosen out of the submitted nominations is then recommended to Management for approval and there is a subsequent announcement of the selection to all Agency employees.

Anthony Choi, Account Clerk, has been chosen from those nominated as the July 2015 Employee of the Month. Anthony works at the North Canyons administrative offices and reports to Margaret Chun, Accounting Manager.

Anthony was nominated for being a good resource to Zone 7 employees. Anthony has worked for Zone 7 in the Accounting Section for over 9 years and prior to that worked at the County of Alameda. Anthony is knowledgeable and approaches matters with a calm demeanor. His willingness to help employees with time sheet “malfunctions” is appreciated. In his job, Anthony works hard to catch employee errors and get them fixed through appropriate channels.

The nomination also noted that Anthony is helpful to other staff in the department, assisting with training and information. He also has good background knowledge of our retirement system and is willing to share his knowledge.

The committee seconded the recommendation and recognized Anthony 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 Anthony Choi as July 2015 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: Groundwater Section
CONTACT: Matt Katen/Jarnail Chahal

AGENDA DATE: September 16, 2015 ITEM NO. 9

SUBJECT: Commercial Septic System, Nella Terra Winery

SUMMARY:

- Zone 7 received a request for authorization for use of a septic tank system for a commercial winery facility and event center on a 100-acre parcel located at 5003 Sheridan Road, in Sunol (APN 096-0001-002-20).
- The parcel is located outside of the Sunol and Livermore Valley Groundwater Basins, away from any known nitrate contaminated areas, and connection to a public wastewater treatment system currently is not feasible.
- An existing conventional septic system services an existing rural residence and commercial wine tasting room on the parcel. The event center guests and employees currently use self-contained portable restrooms that are maintained by a third party contractor; but the business owner would now like to replace the portable restrooms with permanent restrooms connected to a second septic system.
- Zone 7 Resolution 1165 prohibits the use of septic tanks for new commercial developments unless an exception is granted by the Board of Directors. Zone 7 policy also restricts onsite wastewater loading from any new development to a maximum density of one rural residential equivalence per 5 acres (1 RRE/5 Ac).
- With the new system, the combined total onsite wastewater loading will be approximately 1,440 gallons per day, or roughly 0.2 RRE/5 acres.
- There are no known high-nitrate areas in close proximity to the site.
- Following the Board-approved septic system decision process (*Exhibit B* of the attached memorandum), staff recommends approval of this commercial septic system use, and finding that the use is in compliance with Resolution 1165 and sufficiently protective of the groundwater basin.

FUNDING:

There is no funding impact associated with this item.

RECOMMENDED ACTION:

Adopt attached resolution approving the commercial use of a septic system for the Nella Terra Winery in accordance with Resolution 1165.

ATTACHMENTS:

Memo Providing Additional Background and Discussion on Agenda Item
Zone 7 Board Resolution

Interoffice Memo

Date: September 16, 2015
To: Jill Duerig, General Manager
From: Matt Katen, Groundwater Section Manager
Jarnail Chahal, Engineering Manager
Subject: Commercial Septic System, Nella Terra Winery

The following provides additional background and discussion on the above-referenced Agenda Item.

BACKGROUND:

On behalf of the property owner, Gerry Beemiller, SJB Consulting has submitted a request for Zone 7 approval for a new commercial use (small winery and event center) of an onsite wastewater treatment system (OWTS) (i.e., septic tank system) at 5003 Sheridan Road, Sunol (APN 096-0001-002-20) (*Exhibit A*).

The project parcel is situated in the upland area south and outside of the Sunol Valley Groundwater Basin (*Figure 1*). The closest public sewer is about 1.4 miles away in Fremont. There are no high nitrate areas known in the proximity of the site. The parcel is 100 acres in size.

An existing OWTS serves a single residential unit and a commercial wine tasting room on the site. The current special event center consists of a tent structure and it is served by self-contained portable restrooms that are maintained by a third party contractor. The proposal is for the portable restrooms and tent structure to be replaced with permanent facilities connected to a new OWTS. The OWTS serving the residence and tasting room is to remain "as is." The existing and new commercial uses of OWTS involve only residential-type wastes generated from the tasting room and event center activities. The estimated combined average sewage flow for the site, including 320 gallons per day (gpd) assumed for the single residence, is approximately 1,440 gpd.

Zone 7 has adopted Wastewater Management Policies to minimize the potential for impacts to groundwater from over use and misuse of septic tanks over the Central Groundwater Basin and its fringe areas. One such policy limits all new developments planning to use septic tank systems to a maximum density of one rural residential equivalence (RRE) per five acres (1 RRE/5 Ac). For the purpose of evaluating onsite wastewater loading, staff assumes 1 RRE equals 320 gpd (average); therefore, the loading assumed for the Nella Terra Winery parcel is about 4.5 RRE (i.e., 1,440 gpd ÷ 320 gpd/RRE). Prorating the loading over the entire 100 Ac. parcel gives a loading of approximately 0.2 RRE/5 Ac.

A second policy (Resolution 1165) prohibits the use of septic tanks for any new commercial development unless the Zone 7 Board approves it. The Board has also adopted criteria for approving commercial systems and a process for evaluating which projects meet the criteria for approval. This process is summarized in the Zone 7 Septic Tank Approval Decision Tree, which is provided in *Exhibit B.*

DISCUSSION:

In accordance with procedures adopted by the Zone 7 Board in 1986, Zone 7 Staff reviewed the application and additional information provided by SJB Consulting using Zone 7's Septic Tank Permit Review Decision Tree (Exhibit B). The decision path is as follows:

- The project would result in a change in wastewater classification from rural residential, to a combination of residential and commercial uses. With the project fully implemented, the average onsite sewage flow would increase from 410 gpd to an estimated 1440 gpd (see *Exhibit C, Project Wastewater Loading Worksheet*).

- The proposed use conforms to the Zone 7 Wastewater Management Policy (WMP) and Nutrient Management Plan that permits a maximum wastewater loading of 1 RRE/5 Acres when no community sewerage system is available and the facility is located outside of the currently-identified Areas of Concern for high nitrate. The site is located such that sewer service is currently not an option; nor is it anticipated to be in the near future.

- The combined wastewater loading for the completed project is estimated to be about 0.2 RRE/5 Ac.; much less than the permissible 1 RRE/5 Ac (see *Exhibit C, Project Wastewater Loading Worksheet*).

- The proposed septic tank use conforms to Zone 7's Resolution 1165. Resolution 1165 prohibits the use of septic tanks for new commercial developments overlying the groundwater basin unless it can be satisfactorily demonstrated to the Board of Directors that the wastewater loading will be no more than that from "an equivalent rural residential unit." A portion of the loading will come from a commercial use (i.e., restrooms for business patrons and employees); however, as demonstrated by the calculations in Exhibit C, which are based on information submitted by a Registered Environmental Health Specialist (SJB Consulting), the project would result in less than 1 RRE/5 Ac wastewater loading equivalence. Furthermore, the wastewater generated by the commercial aspect would be the same type as rural residential wastewater, and the commercial operations do not involve the use of significant quantities of hazardous materials or wastes.

- Therefore, based on staff's assessment of the information provided by the applicant, staff recommends that the proposed commercial septic tank use be approved, and the project be found in compliance with Zone 7's Resolution 1165. This action would be consistent with other Zone 7 approvals given for similar commercial uses of septic systems.

EXHIBITS:
Figure 1: Project Location Map
Exhibit A: Septic Tank Application for Non Residential Use
Exhibit B: Zone 7 Septic Tank Approval Decision Tree
Exhibit C: Project Wastewater Loading Worksheet

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Authorization for Commercial Use of a Septic System for Nella Terra Winery located at 5003 Sheridan Road, Alameda County (APN 096-0001-002-20)

WHEREAS, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District adopted the Wastewater Management Plan for the Unsewered, Unincorporated Area of Alameda Creek Watershed above Niles (Resolution No. 1037, May 19, 1982) to protect the surface and ground water resources within the Zone; and

WHEREAS, said Wastewater Management Plan provides for strict controls on the use of septic tank/leach field systems which may affect groundwater quality within the Zone 7 area; and

WHEREAS, the Board of Directors adopted a policy prohibiting the use of septic tank/leach field systems for new development zoned for commercial or industrial uses which overlies the central groundwater basin or any of its fringe basins unless it can be satisfactorily demonstrated that the wastewater loading be no more than the loading from an equivalent rural residential unit (Resolution No. 1165, August 28, 1986); and

WHEREAS, on October 15, 1986, the Board of Directors approved a Zone 7 Septic Tank Review Procedure for commercial/industrial development, and said Procedure provides for Special Review by the Board of Directors of Septic Tank Permit Applications for Non-residential Use; and

WHEREAS, on June 17, 2015, the Board of Directors adopted a Nutrient Management Plan that recommends additional septic tank permitting requirements for certain areas with high nitrates; and

WHEREAS, by application dated July 31, 2015, Nella Terra Winery, seeks approval for use of an onsite wastewater treatment system for a commercial winery on a 100 acre parcel at 5003 Sheridan Road, Alameda County (APN 096-0001-002-20); and

WHEREAS, the total wastewater loading per five acres from all uses, residential and commercial, will be no greater than one equivalent rural residential unit; and

WHEREAS, the nature of the non-residential generated wastewater to be disposed to the septic system is similar to rural residential wastewater; and

WHEREAS, the facility is located outside of any currently-identified high nitrate Area of Concern.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby makes the following findings regarding said application:

1. It is not feasible at this time for the onsite facilities to connect to a public sewer; and

2. The proposed use conforms to the Zone 7 Wastewater Management Policy (WMP) that allows a maximum wastewater loading of one rural residential equivalence per five acres (1 RRE/5 Ac) when no community sewage system is available.

BE IT FURTHER RESOLVED that said septic tank use is deemed to be in compliance with Zone 7 Resolution No. 1165, but subject to the following conditions:

1. Zone 7's approval is contingent upon County Environmental Health Department's approval of the use and design of the septic system, and their continued regulation of the operation and maintenance of the system.

2. No wastewater disposal, other than that specifically approved herewith, is allowed without prior approval by Zone 7.

3. When a public sewer is extended to within 200 feet of any onsite building connected to the septic systems, the septic systems shall be abandoned, and all building sewers shall be connected to the public sewer.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

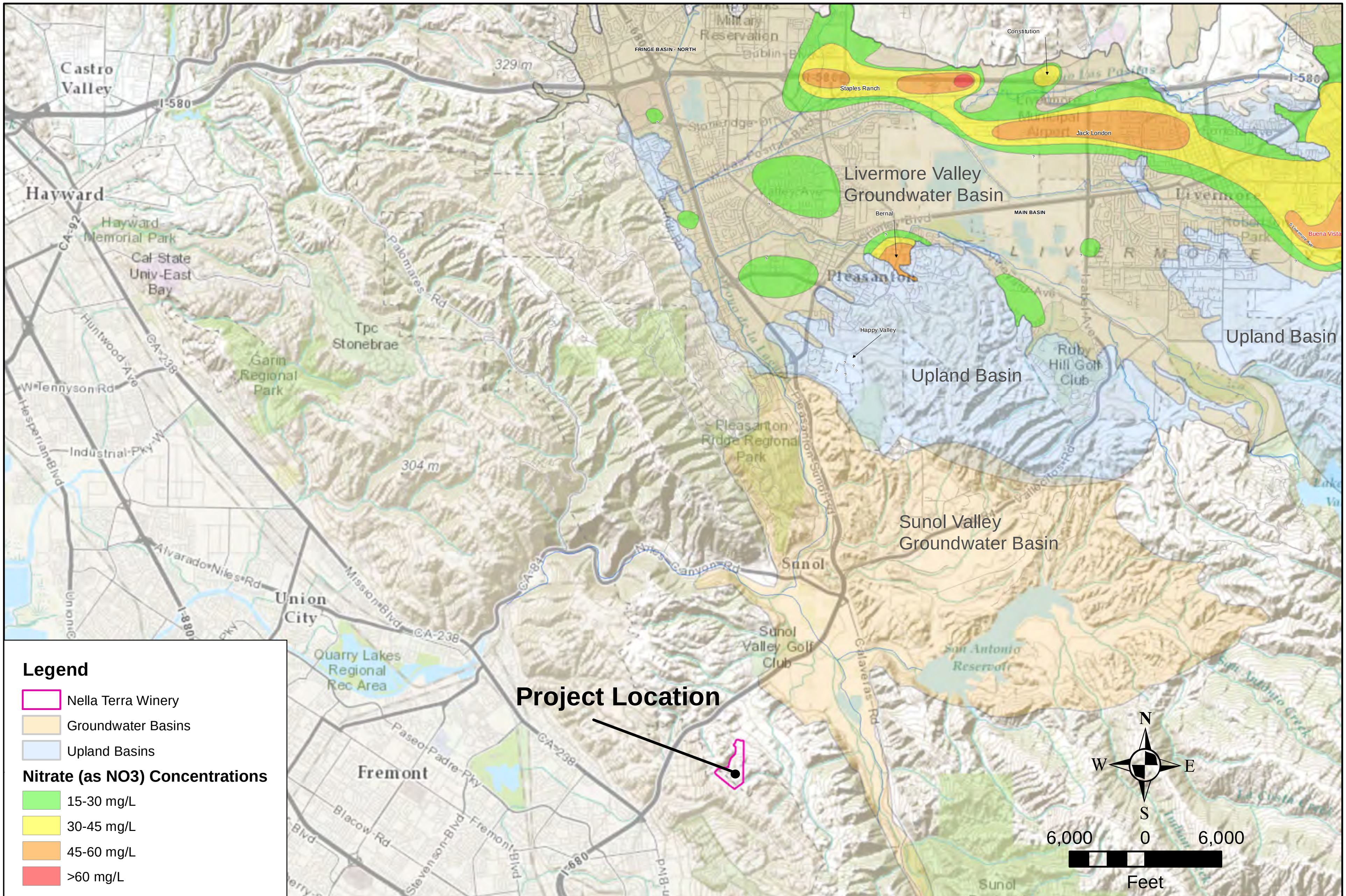
ABSENT:

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 September 16, 2015.

By ______________________________

President, Board of Directors



	ZONE 7 WATER AGENCY 100 North Canyons Parkway, Livermore, CA	DRAWN: MG/ TR	**PROJECT LOCATION** **Nella Terra Winery** **5003 Sheridan Rd** **Sunol, CA**	Scale: 1" = 6,000'
		REVIEWED: MK		Date: 8/28/15
		File: E:\PUBLIC\Sunol\NellaTerraWineryCWrev.mxd		FIGURE 1

Exhibit A

Alameda County Flood Control & Water Conservation District, Zone 7

100 No. Canyons Parkway • Livermore, California 94551 • Phone (925) 454-5000 • Fax (925) 454-5728

Septic Tank Application for Non-Residential Use

For Applicant to Complete

1) Name of Business: Nella Terra Winery

2) Septic Tank Site:

a) Address: 5003 Sheridan Road
Sunol, CA 94586

b) Assessors Parcel No.: 096-0001-002-20

3) Contact Person:

Name: Gerry Beemiller

Title: Owner

Telephone: beemiller@aol.com

Fax No: ______

Mailing Address: 5003 Sheridan Road
sunol, CA 94586

4) Statement of existing use of the property:
1) 5 bedroom dwelling on an existing OWTS
2) Winery and Event Center with portable restroom facilities.

5) Statement of proposed use of the property:
1) Winery and Event Center with permanent restroom facilities and a separate OWTS. No change in use is expected.
2) Existing dwelling will continue to use existing OWTS

6) Attach site map showing locations of septic tank/treatment/leachfield system, facilities and buildings to be connected to the system, and any wells.

7) Attach description of septic tank/treatment system to be used, and include estimates of the total wastewater loading for the site, and of the nitrogen removal potential of the treatment system, if any.

8) Attach Hazardous Materials Management Plan, or statement of onsite hazardous materials use.

9) Applicant's signature: ______

Date: 07/31/15

For Office Use Only (Shaded Areas)

Septic Tank Permit No.: 15-071

Taken by: M Kuter Date: 8/10/15

(Check Appropriate Action)

Approved:

____ 1) Complies w/Res. No. 1165 Date: ______

____ 2) Exception, Special Review 2 Date: ______

____ 3) Exception, Special Review 1 Date: ______

Disapproved:

____ 4) Non-compliance Date: ______

Permit Conditions

This permit is issued subject to the following General Conditions and to the circled Special Conditions:

A. General Conditions:

1. Limit the number of full-time employees to ____ persons.
2. Comply with policies of Wastewater Management Plan.
3. Comply with all other requirements of federal, state and local jurisdictions.
4. Subject to unscheduled inspections.
5. Connect to community sewerage system when within 200 feet of any property line.

B. Special Conditions:

1. Develop and maintain a Hazardous Materials Management Program as approved by Alameda County Environmental Health Division, Hazardous Materials Management Unit.
2. Provide sampling stations for analysis of suspected contaminants at applicant's expense as follows:
______
______
3. See attached special permit conditions

W:\Septic\Application Forms\Non-Residential 6-05.doc

August 4, 2015

Matt Katen
Zone 7 Water Agency
100 N. Canyons Parkway
Livermore, CA 94551-9486

RE: Nella Terra Winery
OWTS Application Submittal
5003 Sheridan Road, Sunol, CA

Mr. Katen,

Please find enclosed our completed, revised application for an OWTS (non-residential) on the subject site. This application seeks to allow the installation of a new on-site septic system to serve an existing winery and event center. The system will replace portable restroom facilities that currently serve the project.

Changes to the application and wastewater calculations have been made at your request. I understand that you have already received a copy of our septic system design (revised).

Please review this information at your earliest opportunity. Feel free to contact me with any comments and/or questions that you may have.

Thank you in advance for your cooperation.

Sincerely,

Stephen J. Buckley
SJB Consulting Group

Job No. : 140259
Date : 1/9/2015 revised 07/31/15 for Zone 7)
Calculated by : sjb
Checked by : SJB
Sheet 1 of 1

Entire Project Site Wastewater flow Calculations

Existing winery/event center proposes to replace existing portable toilets with restrooms served by an on-site septic sytem. This venue is permitted for events of up to 300 persons. Up to 10 part time employees have been factored into the wastewater flow budget. Wastewater flow will be regulated by a timed dosing system, designed to disperse the wastewater load over a 6 day period.
An existing 5 bedroom dwelling and a small tasting room are also located on site. Wastewater generated from these aspects are disposed into a seperate, existing on-site septic system.

Daily Useage:

Employees :	10 employees (part time)	@	7.5 gpd/emp*	=	75 gpd
Existin home** :	5 bedrooms	@	150 gpd/bedroom	=	750 gpd
Tasting room** :	negligible flow				15 gpd

Total Daily wastewater volume : 840 gpd

Periodic Useage:

Large Events	300 persons/event	@	8 gpd/person*	=	2400 g/event
(3 events/week (max.)				=	7200 gpw

Total Large Event wastewater volume (averaged over a 7 day week) : 1029 gpd

TOTAL CALCULATED AVERAGE DAILY WASTEWATER VOLUME : 1869 GPD

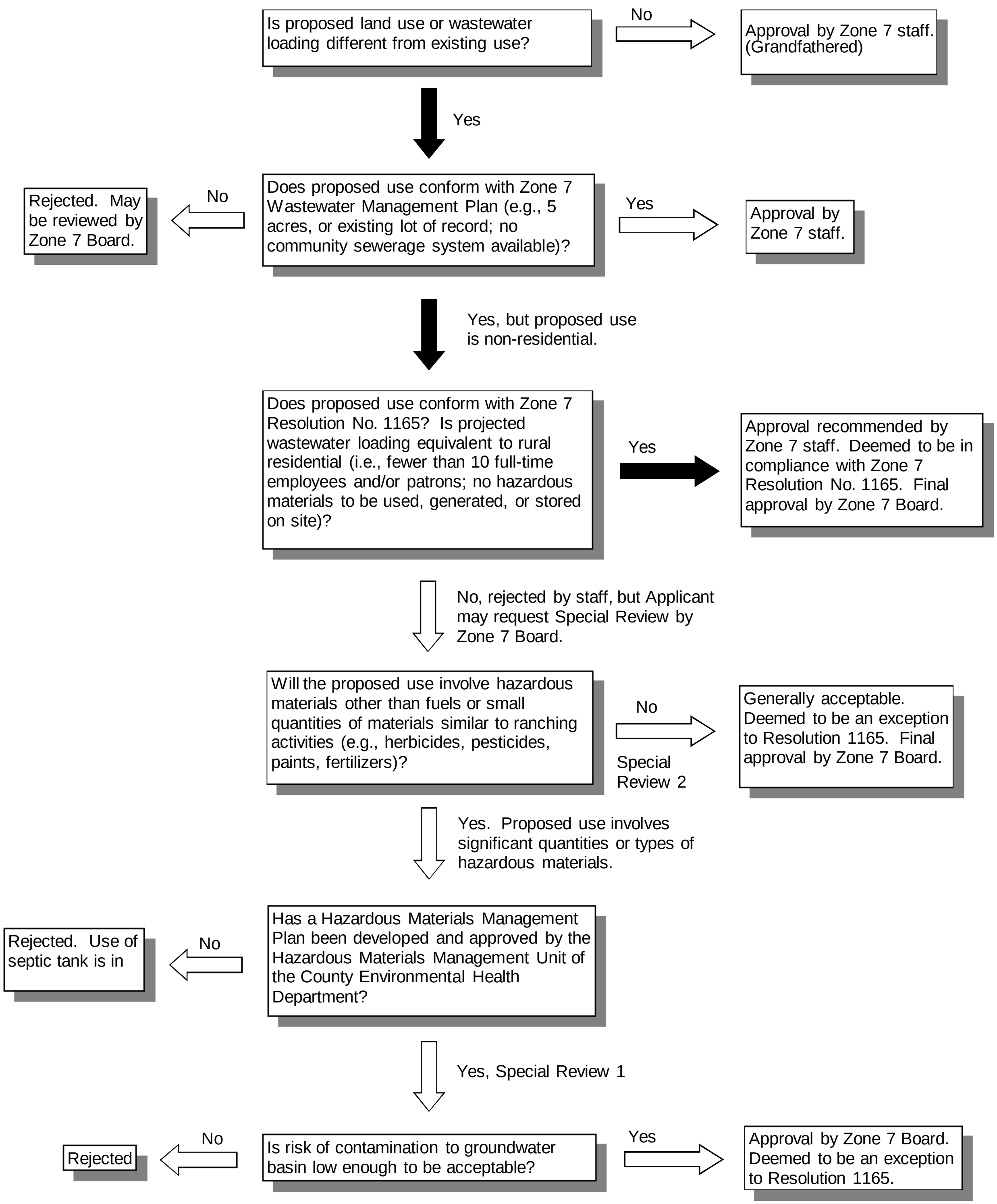
* Wastewater flow rates from Alameda County Onsite Wastewater Regulations
** Existing home and tasting room are currently, and will continue to be, served by a separate OWTS.
This OWTS is not a part of this project.

SJB Consulting Group

Zone 7 Septic Tank Approval
Decision Tree

Applicant: **Nella Terra Winery**	Case No.: **15-071**
Site Address: **5003 Sheridan Rd., Sunol**	
Date: **September 16, 2015**	

(Most septic tank reviews are made when the property owner request the Planning Department for a land use change, rezoning, or parcel split.)



Project Wastewater Loading Worksheet
for
Nella Terra Winery and Event Center
5003 Sheridan Road, Sunol
(APN 096-0001-002-20)

(Zone 7 Case # 15-071)

Current Wastewater Loading: **(100 Acres)**

Facility	Loading Description	Sewage Flow Rate per unit [1]	Percent Nitrogen Removal[2]	Annual Nitrogen Loading[3]	Total Rural Residential Equivalences[4]	Total RRE Pro-rated per 5 Ac[5]
Single Family Dwelling	residential	320 gpd[6]	0%	34.0 lbs N/yr	1.00 RRE	
Winery (10 P/T Employees)	commercial	75	0%	8.0	0.23	
Tasting Room	commercial	15	0%	1.6	0.05	
TOTALS		**410 gpd**		**44 lbs N/yr**	**1.3 RRE**	**0.06 RRE/5 acres**

Proposed Wastewater Loading: **(100 Acres)**

Facility	Loading Description	Sewage Flow Rate per unit [1]	Percent Nitrogen Removal[2]	Annual Nitrogen Loading[3]	Total Rural Residential Equivalences[4]	Total RRE Pro-rated per 5 Ac[5]
Single Family Dwelling	residential	320 gpd[6]	0%	34.0 lbs N/yr	1.00 RRE	
Winery (10 P/T Employees)	commercial	75	0%	8.0	0.23	
Tasting Room	commercial	15	0%	1.6	0.05	
Events (3 per week)	commercial	1029	0%	109.3	3.22	
TOTALS		**1439 gpd**		**153 lbs N/yr**	**4.5 RRE**	**0.22 RRE/5 acres**

Notes:

(1) Estimated sewage flow from SJB Consulting Group, revised 7/31/15.
(2) Nitrogen removal by conventional system is assumed at 0%
(3) Assumes average effluent concentration = 35 mg/L Total Nitrogen
(4) Based on 1 RRE = 320 gpd
(5) 5 Ac proration based on 100 Ac actual parcel size (i.e., 5/100 x Total RRE)
(6) 320 gpd is the average assumed for a single family

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
100 NORTH CANYONS PARKWAY, LIVERMORE, CA 94551-9486 • PHONE (925) 454-5000

ORIGINATING SECTION: Administration
CONTACT: Osborn Solitei

AGENDA DATE: September 16, 2015 **ITEM NO. 10**

SUBJECT: Cost of Service Study

SUMMARY:

- Zone 7 is faced with a need to stabilize treated water rate revenue and recover from deep financial losses after four years of drought.
- Therefore on July 15, 2015, the Board authorized the General Manager to negotiate and execute a professional Services Agreement with Raftelis Financial Consultants, Inc. ("RFC") for a Cost of Service Study.
- RFC is preparing a Cost of Service Study which includes a three-year wholesale water rate proposal and a new rate structure.
- A staff kick-off meeting was held on August 12, 2015 with RFC, Zone 7 staff and Retailer staff to discuss the Cost of Service study approach. This was an opportunity for the Retailers to give input early in the process.
- On August 19, 2015, RFC and Zone 7 staff met with the Retailer staff to review the preliminary Financial Model and key assumptions.
- On August 26, 2015, RFC gave a presentation to the Board of Directors on the Cost of Service Study approach and key assumptions.
- On September 8, 2015, RFC and Zone 7 staff met with Retailer staff to review and discuss the preliminary Financial Model, key assumptions and examples of rate structures and potential impacts to the Retailers using rough numbers in the preliminary model merely to provide those examples.
- At this meeting, RFC will give a presentation on the proposed treated water rates and rate structure. Attached is the Cost of Service Study Executive Summary.

FUNDING:
Treated Water Sales revenue accrues to Fund 100 – Water Enterprise and, through transfers, to Fund 120 – Renewal, Replacement and System-Wide Improvements.

RECOMMENDED ACTION:
Discuss and provide direction to staff.

ATTACHMENT: The Cost of Service Study Executive Summary by RFC

MEMORANDUM REGARDING COST OF SERVICE STUDY

Agency: Zone 7 Water Agency

To: Board of Directors – Zone 7 Water Agency

From: Habib Isaac, Manager at RFC

Re: Cost of Service Rate Study

1 EXECUTIVE SUMMARY

1.1 BACKGROUND OF THE ZONE 7 WATER AGENCY

The Agency was established in 1957 for flood protection and as water agency providing both untreated water to support area agriculture and as a wholesale water agency to provide a reliable supply of high quality water to the Livermore-Amador Valley. In 1961, Zone 7 contracted for State Water Project water to be delivered through the South Bay Aqueduct. Through its four retail water purveyors, the Agency provides wholesale water services to approximately 220,000 residents and business within its service area, which encompasses Dublin, Livermore, Pleasanton, and, by special agreement with the Dublin San Ramon Services District, the Dougherty Valley portion of San Ramon. The Agency's water resources include imported water from the State Water Project, local groundwater storage, surface water captured in the Del Valle Reservoir and offsite groundwater banking in Kern County. Historically, the majority of the Agency's water demand has been met by imported water from the State Water Project, with almost 80% of the current total water demand supported by imported water. These supplies have been limited due to the severe drought conditions locally and throughout the State of California.

The Agency's Water Utility, like other agencies in California, is faced with challenges related to the reduction in water usage as a result of conservation. This is not a situation that is unique to the Agency, as many agencies throughout the State of California are faced with drought concerns while reinvesting in their utility systems to ensure the delivery of safe and reliable water.

1.2 ASSUMPTIONS USED IN THE STUDY

The period for the Study uses Fiscal Year 2015-16 budget as the base year and the model projects through Fiscal Year 2024-25; however, the proposed rates herein are for Calendar Years 2016, 2017 and 2018, as the Agency will continue to periodically review rates and take a measured approach with any potential rate adjustments.[1] Certain cost escalation assumptions and inputs were incorporated into the Study to adequately model expected future costs of the Water Enterprise. These assumptions were based on discussions with and/or direction from Agency management. Assumptions include inflation factors, CPI indexing of rates, projected sales by retailer and other miscellaneous assumptions. These assumptions are presented in **Tables 1-1, 1-2** and **1-3**.

[1] Tables in this report show a five-year period, starting with FY 2015-16 through FY 2019-20.

Table 1-1: Inflation Factor Assumptions

Key Factors	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General	3%	3%	3%	3%	3%
Salary	3%	3%	3%	3%	3%
Benefits	3%	3%	3%	3%	3%
Utilities	5%	5%	5%	5%	5%
Supplies	3%	3%	3%	3%	3%
CPI Index to Rates	3%	3%	3%	3%	3%
Energy	5%	5%	5%	5%	5%

Table 1-2: Growth & Demand Assumptions

Key Factors	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Water Demand			*See Table 1-3*		
Miscellaneous Revenue	1%	1%	1%	1%	1%
Proposed Debt			$43M		
Reserve Interest Rate	0.5%	0.5%	0.5%	0.5%	0.5%
Debt Interest Rate	5%	5%	5%	5%	5%
Debt Term (years)	30	30	30	30	30

Table 1-3: Projected Retailer Usage Assumptions

	Projected Demand in Acre Feet				
Retailers	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
City of Pleasanton	9,660	10,890	11,900	11,920	11,950
DSRSD	8,364	9,418	9,742	10,062	10,369
Cal Water	5,228	5,776	5,824	6,239	6,633
Livermore	4,921	5,080	5,160	5,170	5,240
Total	**28,173**	**31,164**	**32,626**	**33,391**	**34,192**

1.3 WATER UTILITY

The current water rate structure of the Agency consists of two components: a minor monthly service charge per turnout and a 4-tier variable water rate structure, with over 98% of all water sales falling into Tier 4. **Table 1-4** identifies the Agency's current rate structure**,** the variable commodity rate structure is comprised of declining tiers.

Table 1-4: Current Treated Water Rates

Customer Class	Current Allotments	2015 Rates (Jan 1, 2015)	2016 Rates (Jan 1, 2016)
	Units (CCF)	**$**	**$**
Treated Water			
Tier 1	0-33	**$4.097**	**$4.220**
Tier 2	34 – 333	**$3.280**	**$3.379**
Tier 3	334 – 3,333	**$2.615**	**$2.694**
Tier 4	> 3,333	**$2.294**	**$2.363**
Fixed Charge (Turn-Outs)	Service Charge	**$144.00**	**$148.00**

1.4 FINANCIAL HEALTH AND PROPOSED RECOMMENDATIONS

1.4.1 Water Utility Financial Health

The approved Fiscal Year 2015-16 budget, reflected a starting fund balance equal to $15.4M and projected water sale revenue of $34.1M. Based on unaudited actuals for Fiscal Year 2014-15, the ending balance for Fund 100 was only $14.4M, or a reduction of approximately $1M. During Calendar Year 2015, the Agency's retailers are required to meet mandatory conservation through Executive Order B-29-15, which sets conservation goals to each retail water agency throughout the State to achieve an overall state-wide 25% reduction in water usage. These cutbacks also affect the Agency's revenue stability as nearly 100% of the Agency's revenue is recovered through variable rates and fixed revenue recovery is negligible, even though a majority of the Agency's costs are fixed. Based on the most recent water demand projections provided by the Retailers and confirmed by Agency staff (as shown on Table 1-3), RFC recalculated expected water sale revenues using the Agency's current rates (prices) and the new expected water demand figures (quantities). Recalculating water sales revenue using prices times new quantities, resulted in an amount equal to $29.4M, which is a reduction of approximately $4.7M in projected revenues for the current fiscal year. As a result, the new starting fund balance and the calculated water sales together generate an expected shortfall by Fiscal Year End 2015-16. Table 1-5 displays the differences between the adopted Fiscal Year 2015-16 budget and the new revised starting balance and projected ending balance for Fiscal Year 2015-16

Table 1-5: Fiscal Year 2015-16 Budget and Projections (Fund 100 – Water Enterprise)

FY 15-16 Budget	Adopted Budget 2015-16	Revised 2015-16	Difference
Total Water Sales	$34,191,645	$29,496,884[1]	
Other Revenues	$360,991	$360,991	
Total Revenues	***$34,552,636***	***$29,857,875***	***($4,694,761)***
Operation Expenses	$35,619,302	$31,884,216[2]	
AMP Transfer	$7,000,000	$7,000,000	-
Total Expenses	***$42,619,302***	***$38,884,216***	***$3,735,086***
Net Cash	***($8,066,666)***	***(9,026,341)***	
Fund 100 Beginning Balance	***$15,404,825***	***$14,388,282[3]***	
Projected Ending Fund Balance	***$7,338,159***	***$5,361,941***	***($1,976,218)***

[1] Calculated Fiscal Year 2015-16 revenue based on Tables 1-3 and 1-4

[2] Revised Fiscal Year 2015-16 projected expenses

[3] Unaudited Fiscal Year 2014-15 Actuals

With the reduction in revenues, the Agency is projected to have a negative net cash flow of ($9.0M). For Fund 100, the Fiscal Year 2015-16 ending fund balance is projected to be approximately $5.36M. Fund 100 includes four designated reserves, including Operating Reserve, Drought Contingency Reserve, Emergency Reserve, and Rate Stabilization Reserve. Table 1-6 provides projected ending fund balances for each reserve.

Table 1-6: Fund 100 –Water Enterprise Reserve Balances

Reserves	Unaudited 2014-15 Ending	Adopted Budget 2015-16 Ending	Revised 2015-16[1] Ending	Actual Performance	Min Target	Max Target
Fund 100 – Water Enterprise						
Operating	$6,123,594	$3,122,788	$1,551,340	**17 days of O&M**	32 days of O&M	90 days of O&M
Drought Contingency	$0.00	$0.00	$0.00	**0% of Sales**	7% of Sales	20% of Sales
Emergency	$4,353,940	$1,968,911	$1,989,152	**1% of Assets**	1% of Assets	3% of Assets
Rate Stabilization	$3,910,748	$2,246,460	$1,821,449	**6% of Sales**	Min of 6% of Sales	
Total	**$14,388,282**	**$7,338,159**	**$5,361,941**			

[1] Emergency and Rate Stabilization set to minimum balance and difference transferred to operating.

Figure 1-1 illustrates operating position of the Water Utility, where the expenses are shown by stacked bars; and total revenues at current rates are shown by the horizontal green trend line. **Figure 1-2** summarizes the projected CIP and its funding sources (currently 100% PAYGO) and **Figure 1-3** displays the ending total reserve balance for Fund 100 – Water Enterprise and **Figure 1-4** displays the total reserve balance for Fund 120 – Water Renewal, Replacement & System-wide Improvements Capital Reserve (Capital Reserve).

Figure 1-1: Operating Position at Current Rates

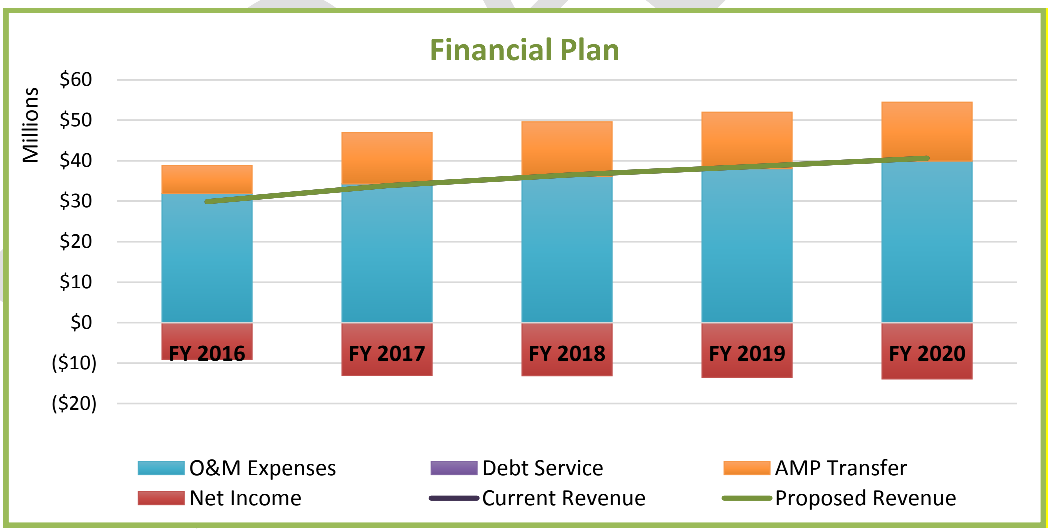


Figure 1-2: Capital Improvement Program and Funding Source

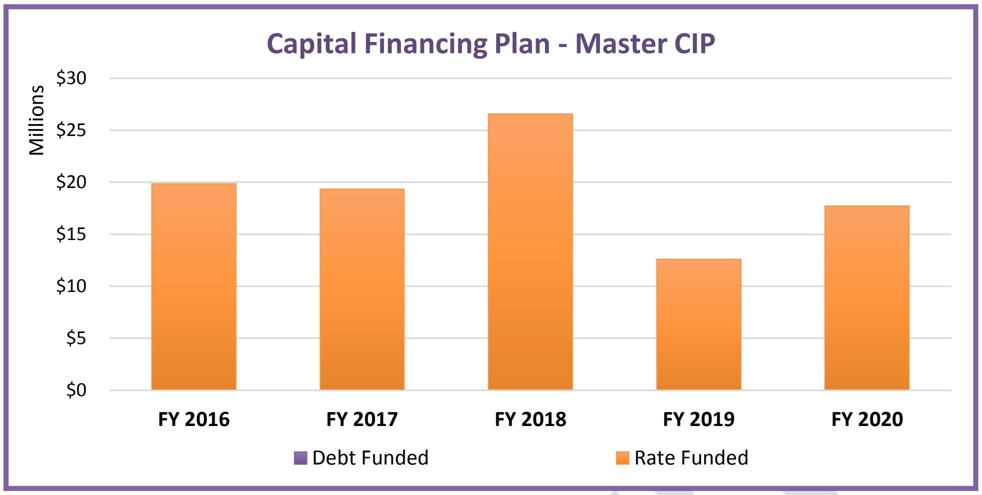


Figure 1-3: Projected Ending Operating Fund (Fund 100) Reserves at Current Rates

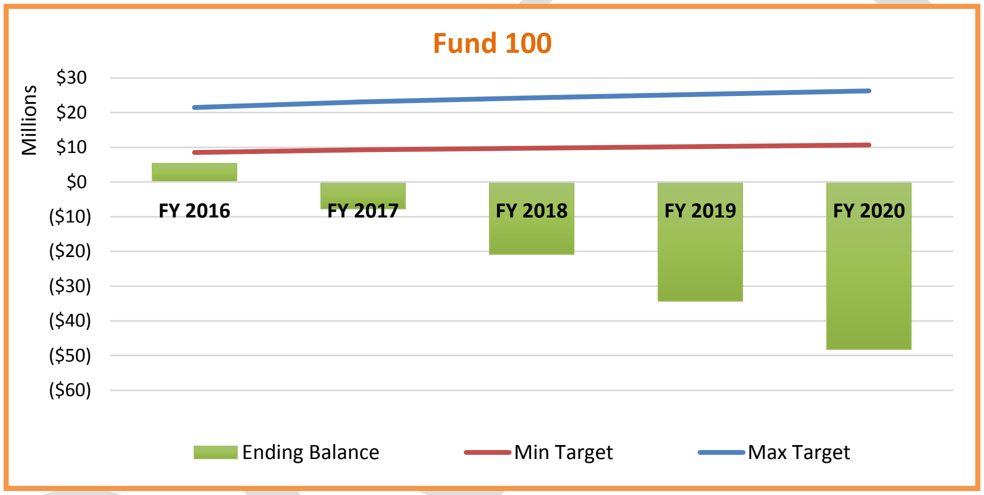
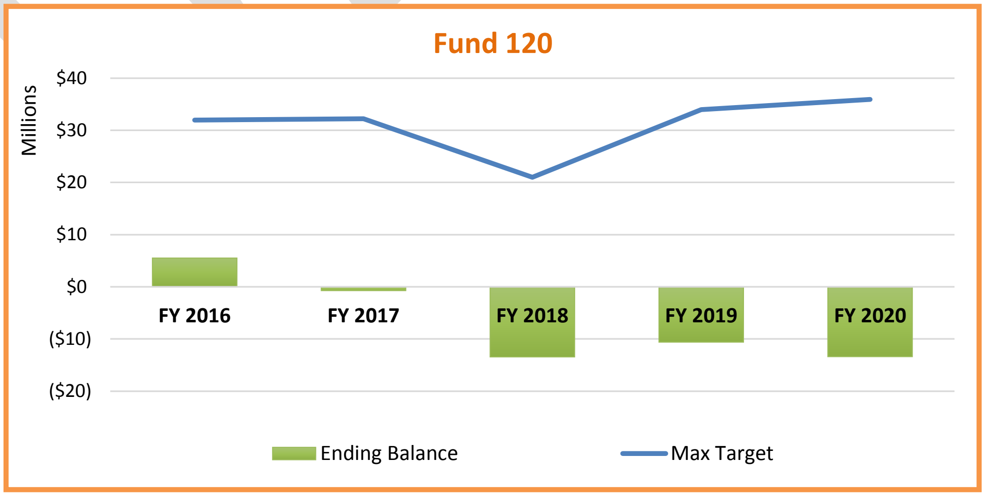


Figure 1-4: Projected Ending Capital Reserve (Fund 120) Reserves – Master CIP



1.4.2 Water Utility Recommendations

Financial Recommendations

As part of our cost of service study and rate model development, we first reviewed the Agency's projected revenue requirements over a 10-year planning horizon to determine how current rates could support the utility's revenue needs in the short-term and long-term.

Based on the the initial review, if the Agency does not increase its rates, it will have negative net cash at Fiscal Year End 2015-16 that will deplete reserves to offset annual shortfalls. The Agency's reserves will be fully depleted by Fiscal Year 2016-17 if rates are not significantly increased. In addition, the Agency's annual planned capital improvement expenditures average approximately $19.2M over the next five years. The Agency currently has a healthy level of capital reserves for Fiscal Year 2015-16; however, given the necessary reinvestment in the Agency's water utility system, reserves would only cover the scheduled capital projects for Fiscal Year 2015-16, and without revenue adjustments, reserves would be depleted after funding Fiscal Year 2016-17 projects. Therefore, revenue adjustments and capital project deferrals are necessary to ensure positive net operating cash, adequate liquidity to fund ongoing capital, and to build up reserves to meet the Agency's adopted reserve policies.

After reviewing the Agency's current financials, revenue requirements, reserve policies, and expected reduced water sale revenues, the proposed financial plan was developed to meet the following criteria:

- Recover lost revenue due to a reduction in sales through a Temporary Conservation Surcharge
  - The Temporary Conservation Surcharge would be in place while revenue adjustments are made to permanently replace revenue generated from the Temporary Conservation Surcharge
  - **Temporary Conservation Surcharge would sunset June 30, 2018.**
- Fund capital through a combination of Pay-As-You-Go (PAYGO) (cash on hand) and Debt financing
  - Proposed a bond issue in Fiscal Year 2017-18, equal to $43M (See Appendix B)
- Build up reserves to meet minimum target level over the three year planning period
- Provide rate stability for future years outside the 3-year planning period

Given the severity of the drought and the financial impact on the Agency, staff revisited the master capital improvement program to determine whether certain capital projects could be deferred. As a result, the proposed financial plan and recommended rates incorporate the Capital Improvement Program with a revised schedule reflecting such deferrals (Revised CIP).

In conjunction with meeting the criteria referenced above and the schedule adjustments to the capital improvement plan, it is recommended that the Agency adjust revenue by 10% above CPI for each of the Calendar Years 2016, 2017 and 2018. Each revenue adjustment would occur in January, with the first adjustment taking place on January 1, 2016. Implementing these revenue adjustments would enable the Agency to eliminate the Temporary Conservation Surcharge on June 30, 2018.

Figure 1-5 illustrates the operating position of the Water Utility under the proposed necessary revenue requirements where the expenses are shown by stacked bars; and total revenues at current rates and proposed rates are shown by the horizontal trend lines. **Figure 1-6** summarizes the projected Revised CIP and its funding sources, either PAYGO or debt financed. **Figure 1-7** through **Figure 1-9** display the ending total reserve balances for Fund 100, Fund 120, and both funds combined, where the horizontal trend line indicates the target reserve balance (as defined within the Agency's reserve policies) and the bars indicate ending reserve balance.

Figure 1-5: Proposed Operating Financial Plan

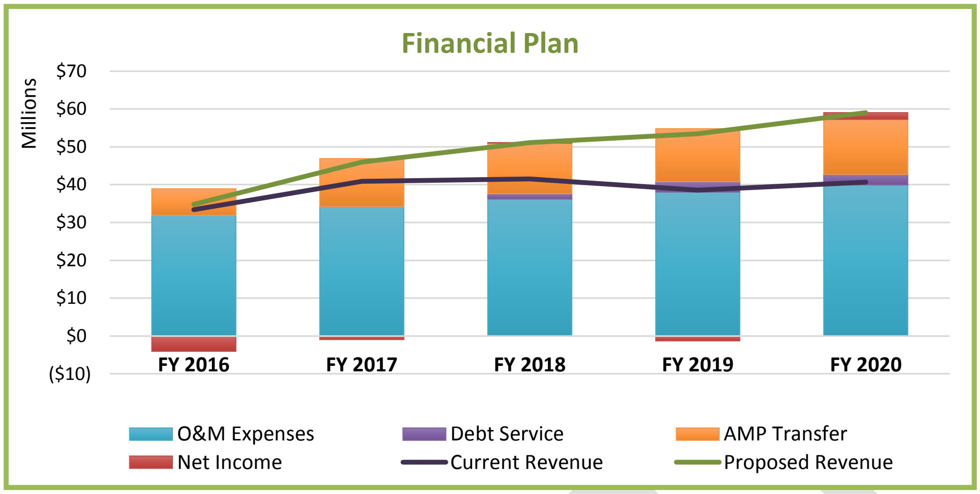


Figure 1-6: Projected Revised CIP and Funding Source

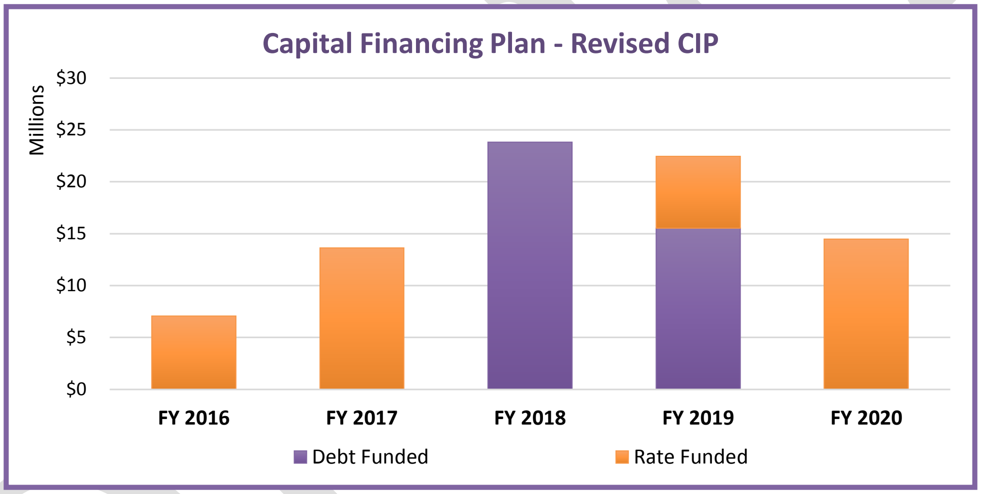


Figure 1-7: Projected Ending Reserves (Fund 100)

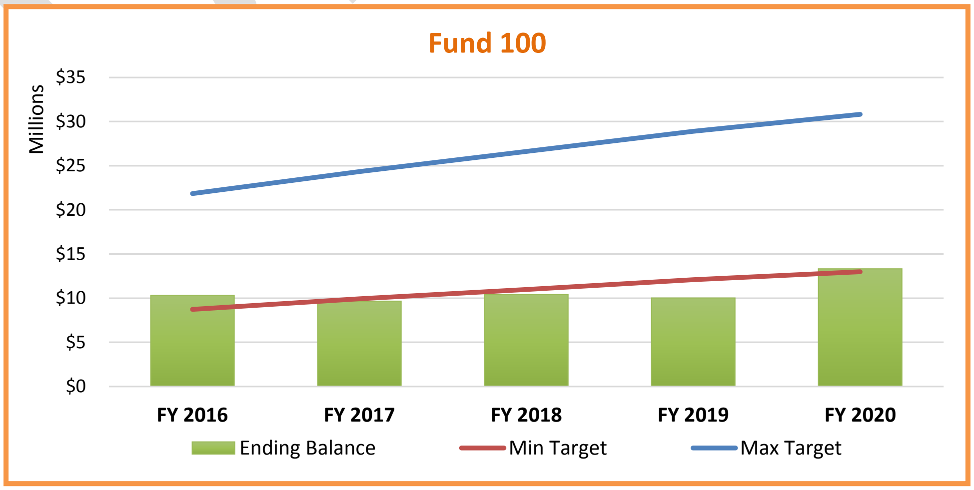


Figure 1-8: Projected Ending Reserves (Fund 120)

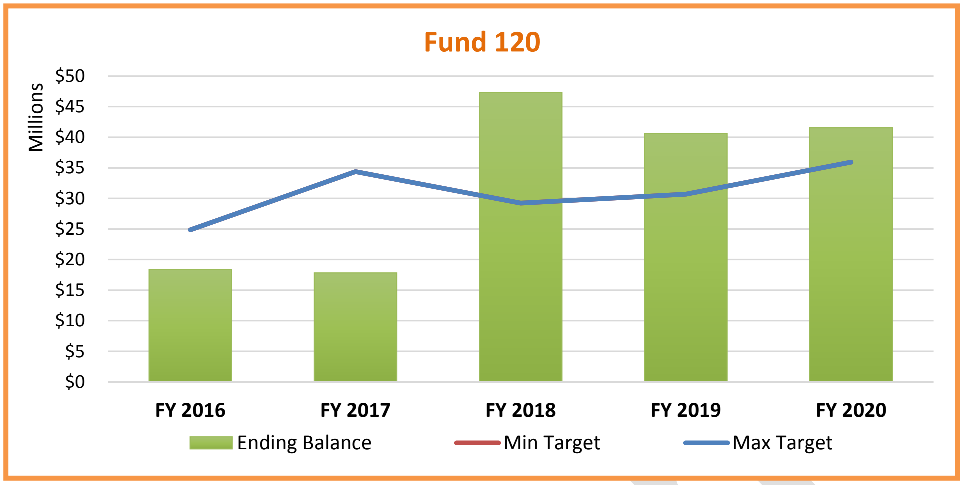
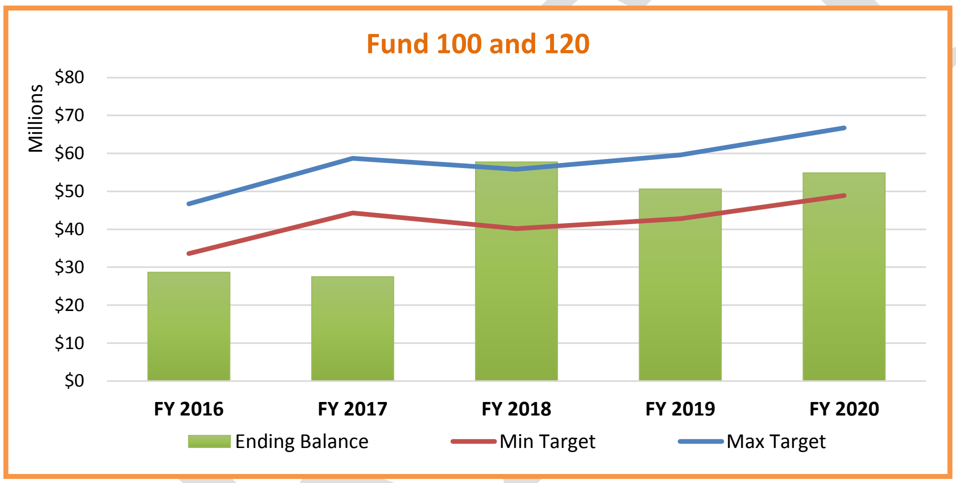


Figure 1-9: Projected Ending Reserves (Fund 100 and 120)



Rate Structure Recommendations

RFC also reviewed the current rate structure and consumption data as part of updating the Agency's rate structure. As such, RFC also recommends the following proposed adjustments to the current rate structure:

- RFC recommends adjusting the current 4-tiered variable rate structure and increase the amount of revenue recovery from a fixed charge. ***Currently, the monthly service charge only recovers approximately $65,000*** (less than 1%). RFC recommends establishing a fixed charge to recover approximately 35% of required revenue. Moving forward, the new fixed charge will provide increased revenue stability to the Agency and will provide its retailers rate stability in subsequent years after the temporary conservation surcharge sunsets. In order to equitably recover the new fixed charge, RFC recommends using historical water sales for allocating the 35% of revenue recovery to each retailer.
- RFC recommends that the fixed charge be allocated using the historical 5-year rolling average of demand and 3-year rolling average of peak usage for each retailer. To determine the percentage of fixed costs to recover from 5-yr rolling average demand versus 3-yr rolling average peak month, The Agency's CIP was allocated between average flow demand and peak demand.
- For the variable rate component, RFC recommends eliminating the use of tiers and establishing a uniform rate per hundred cubic feet for the retailers. As previously mentioned, more than

98% of total usage and charges occur in Tier 4; therefore, the current rate structure substantially reflects a uniform rate.

- RFC recommends implementing a Temporary Conservation Surcharge to recover the projected revenue shortfall over the next 3-years. The Temporary Conservation Surcharge should be recovered as a fixed component to ensure stable revenue recovery and it is recommended to recover this surcharge using the 5-year rolling average of historical water sales.

The proposed rate structure is set forth in Table 1-7 below. The proposed rates for the monthly fixed charges and the commodity charge of the Agency's treated water service fees are set forth in Tables 1-6 through 1-8 below.

Table 1-7: Proposed Rate Structure

Customer Class	Proposed (Commencing 1-1-16)
Fixed Charge Unit Cost ($/CCF)	
Base	5-year rolling average
Peaking	3-year rolling average
Temporary Conservation Surcharge ($/CCF) [1]	5-year rolling average
Variable Rate ($/CCF)	Uniform

Table 1-8 through **Table 1-9** summarizes the proposed water rates.

Table 1-8: Proposed Fixed Charges

Fixed Charge	FY[1] 2015-16	FY[1] 2016-17	FY[1] 2017-18
Total Fixed Charge	$11,067,688	$13,870,928	$16,487,141
Base	$7,658,907	$9,598,767	$11,409,202
Peaking	$3,408,780	$4,272,161	$5,077,939
5-year rolling average demand (CCF)	15,479,594	14,862,695	14,244,616
3-year rolling average peak month (CCF)	1,901,801	1,805,460	1,706,764
Fixed Charge Unit Cost ($/CCF)			
Base	$0.50	$0.65	$0.81
Peaking	$1.80	$2.37	$2.98

[1] The Agency's proposed rates are adjusted each January with the first adjustment occurring on January 1, 2016.

Table 1-9: Proposed Temporary Conservation Surcharge

Temporary Conservation Surcharge Calculation	FY[1] 2015-16	FY[1] 2016-17	FY[1] 2017-18
Temporary Conservation Surcharge Revenues	$3,500,000	$7,000,000	$5,000,000
5-year rolling average demand (CCF)	7,739,797[2]	14,862,695	14,244,616
Temporary Conservation Surcharge ($/CCF)	$0.46	$0.48	$0.36

[1] The Agency's proposed rates are adjusted each January with the first adjustment occurring on January 1, 2016.

[2] In Fiscal Year 2015-16, Temporary Conservation Surcharge is recovered over 6 months of water sales.

Table 1-10: Proposed Variable Commodity Rate

Variable Rate Calculation	FY[1] 2015-16	FY[1] 2016-17	FY[1] 2017-18
Variable Revenue	$20,735,384	$25,987,273	$30,888,764
Projected Water Sales (CCF)	12,362,340	13,665,220	14,302,067
Variable Rate ($/CCF)	**$1.68**	**$1.91**	**$2.16**
Variable Rate ($/AF)	*$732*	*$832*	*$941*

[1] The Agency's proposed rates are set for each calendar year and adjusted each January with the first adjustment occurring on January 1, 2016.

Given the multiple components that make up the cost of service study and related water rate model as well as the recommended changes to the rate structure, it is important to identify how the change in the proposed rate structure would impact retailers. **Table 1-12** identifies how the change in the rate structure would affect each retailer based on RFC's recommendation to recover 35% of the Agency's required revenue through fixed charges based on historical usage. Note that this 35% allows the agency to recover only a portion of its fixed costs.

However, it is first worthy to note the difference in percentage share of responsibility between retailers when charging based on current usage, usage over the last five years, and peak usage over the last 3 years. Table 1-11 provides a summary of each retailers' percentage share allocation. As an example, if all costs were recovered through a variable rate based on usage, the City of Pleasanton would be responsible for 34% of the total cost. Similarly, instead of current usage, if all costs were recovered based on the last five years of historical usage, the City of Pleasanton would be responsible for 1% more of total costs, or 35%. Lastly, using the last 3 years of peak usage, the City of Pleasanton would be responsible for 2% more of costs when compared to expected Fiscal Year 2015-16 usage, or 36% instead of 34%. Given that RFC's recommendation uses all three components - with 65% of total revenue requirements recovered based on Fiscal Year 2015-16 usage and 35% based on the historical usage, the actual impact to the City of Pleasanton from changing the rate structure generates a very slight difference of 1.4%, as shown in **Table 1-12.** As such, the rate structure change has minimal impact to each retailer, but provides a significant amount of increased revenue stability to the Agency. In addition, the new proposed rate structure would also provide rate stability to Retailers since drastic rate spikes would be minimized when a significant reduction in sales occurs in one particular year.

Table 1-11: Rate Impact – Rate Structure Change

Retailers	FY 2015-16 Usage	5-Year Average	3-Year Peak Avg
City of Pleasanton	34%	35%	36%
DSRSD	30%	27%	26%
Cal Water	19%	20%	21%
Livermore	17%	17%	18%
Total	**100%**	**100%**	**100%**

Table 1-12: Rate Impact – Rate Structure Change

Retailers	Current Rate Revenue	New Rate Structure	Total △	Percentage △
City of Pleasanton	$9.82M	$9.96M	+$142k	1.4%
DSRSD	$8.50M	$8.25M	-($250k)	(2.9%)
Cal Water	$5.35M	$5.50M	+$165k	3.1%
Livermore	$5.02M	$4.99M	-($23k)	(0.4%)

APPENDIX A – PROJECTED PRO FORMA – NO CHANGES

	FY 2015 - 16	FY 2016 - 17	FY 2017 - 18	FY 2018 - 19	FY 2019 - 20
Revenue					
Total Rate Revenue	$28,911,884	$32,940,662	$35,594,219	$37,595,390	$39,691,412
Conservation Surcharge	$0	$0	$0	$0	$0
Investment Earnings	$90,000	$19,053	$19,053	$19,053	$19,053
Other Revenue	$855,991	$864,551	$873,196	$881,928	$890,748
Total Revenue	**$29,857,875**	**$33,824,266**	**$36,486,468**	**$38,496,371**	**$40,601,213**
Expenses					
O&M Expenses	$31,884,216	$33,946,534	$35,617,340	$37,130,377	$38,726,781
Existing Debt Service	$0	$0	$0	$0	$0
Proposed Debt Service	$0	$0	$0	$0	$0
Total Expenses	**$31,884,216**	**$33,946,534**	**$35,617,340**	**$37,130,377**	**$38,726,781**
Net Cash Flow before Transfers	**($2,026,341)**	**($122,268)**	**$869,128**	**$1,365,994**	**$1,874,432**
AMP Transfer to Fund 120	$7,000,000	$12,661,760	$13,399,000	$13,950,000	$14,530,000
Net Cash Flow	**($9,026,341)**	**($12,784,028)**	**($12,529,872)**	**($12,584,006)**	**($12,655,568)**
Fund 100 Beginning Balances	$14,388,282	$5,361,941	($7,422,087)	($19,951,958)	($32,535,965)
Fund 100 Ending Balances	$5,361,941	($7,422,087)	($19,951,958)	($32,535,965)	($45,191,533)
Fund 120 Beginning Balances	$24,725,199				
Sinking Fund	($3,884,630)				
Encumbrances/Carryovers	($2,876,245)				
Fund 120 Available Balances	$17,964,324	$5,529,784	($712,381)	($13,427,744)	($10,613,168)
Revenues	$7,433,460	$13,098,835	$13,845,637	$15,422,576	$14,952,602
Expenses	($19,868,000)	($19,341,000)	($26,561,000)	($12,608,000)	($17,728,000)
Fund 120 Ending Balances	$5,529,784	($712,381)	($13,427,744)	($10,613,168)	($13,388,566)
TOTAL BEGINNING BALANCE	**$32,352,606**	**$10,891,725**	**($8,134,468)**	**($33,379,702)**	**($43,149,133)**
TOTAL ENDING BALANCE	**$10,891,725**	**($8,134,468)**	**($33,379,702)**	**($43,149,133)**	**($58,580,099)**

APPENDIX B – CIP SUMMARY

CIP Options	Capital Improvement Plan				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Master CIP	$19.9M	$19.3M	$26.6M	$12.6M	$17.7M
Revised CIP	$7.1M	$13.6M	$23.8M	$22.5M	$14.5M
Difference	($12.8M)	($5.7M)	($2.8M)	$9.9M	($3.2M)
Proposed Debt Issue			**$43M**		
Debt Payments			$1,398,606	$2,797,212	$2,797,212

APPENDIX C – PROPOSED FINANCIAL PLAN PRO-FORMA

			FY 2015 - 16	FY 2016 - 17	FY 2017 - 18	FY 2018 - 19	FY 2019 - 20
Revenue							
Water Sales - Existing Rate			$28,911,884	$32,940,662	$35,594,219	$37,595,390	$39,691,412
Additional Revenue Needs:							
Fiscal Year	**Revenue Adjustment**	**Month Effective**					
FY 2015 - 16	10%	January	$1,445,594	$3,294,066	$3,559,422	$3,759,539	$3,969,141
FY 2016 - 17	10%	January		$1,811,736	$3,915,364	$4,135,493	$4,366,055
FY 2017 - 18	10%	January			$2,153,450	$4,549,042	$4,802,661
FY 2018 - 19	10%	January				$2,501,973	$5,282,927
FY 2019 - 20	1%	January					$290,561
FY 2020 - 21	1%	January					
FY 2021 - 22	0%	January					
FY 2022 - 23	0%	January					
FY 2023 - 24	0%	January					
FY 2024 - 25	0%	January					
Total Additional Revenue			$1,445,594	$5,105,803	$9,628,236	$14,946,047	$18,711,345
Total Rate Revenue			$30,357,478	$38,046,465	$45,222,455	$52,541,437	$58,402,757
Conservation Surcharge			$3,500,000	$7,000,000	$5,000,000	$0	$0
Investment Earnings			$90,000	$49,794	$56,995	$64,839	$72,127
Other Revenue			$855,991	$864,551	$873,196	$881,928	$890,748
Total Revenue			**$34,803,469**	**$45,960,810**	**$51,152,646**	**$53,488,204**	**$59,365,632**
Expenses							
O&M Expenses			$31,884,216	$33,946,534	$35,617,340	$37,130,377	$38,726,781
Existing Debt Service			$0	$0	$0	$0	$0
Proposed Debt Service			$0	$0	$1,398,606	$2,797,212	$2,797,212
Total Expenses			**$31,884,216**	**$33,946,534**	**$37,015,946**	**$39,927,589**	**$41,523,993**
Net Cash Flow before Transfers			**$2,919,253**	**$12,014,276**	**$14,136,701**	**$13,560,615**	**$17,841,639**
AMP Transfer to Fund 120			$7,000,000	$12,661,760	$13,399,000	$13,950,000	$14,530,000
Net Cash Flow			**($4,080,747)**	**($647,484)**	**$737,701**	**($389,385)**	**$3,311,639**
Fund 100 Beginning Balances			$14,388,282	$10,307,535	$9,660,052	$10,397,752	$10,008,368
Fund 100 Ending Balances			$10,307,535	$9,660,052	$10,397,752	$10,008,368	$13,320,007
Fund 120 Beginning Balances			$24,725,199				
Sinking Fund			($3,884,630)				
Encumbrances/Carryovers			($2,876,245)				
Fund 120 Available Balances			$17,964,324	$18,327,784	$17,806,619	$47,341,630	$40,630,398
Revenues			$7,433,460	$13,098,835	$53,345,011	$15,748,769	$15,393,277
Expenses			($7,070,000)	($13,620,000)	($23,810,000)	($22,460,000)	($14,470,000)
Fund 120 Ending Balances			$18,327,784	$17,806,619	$47,341,630	$40,630,398	$41,553,675
TOTAL BEGINNING BALANCE			**$32,352,606**	**$28,635,319**	**$27,466,671**	**$57,739,382**	**$50,638,766**
TOTAL ENDING BALANCE			**$28,635,319**	**$27,466,671**	**$57,739,382**	**$50,638,766**	**$54,873,682**

Water Resources Committee
September 9, 2015

Summary Notes

Directors Present:	Sarah Palmer, Sandy Figuers Bill Stevens (alternate)	**Staff Present:**	Jill Duerig Kurt Arends Carol Mahoney Brad Ledesma Colleen Winey

President Palmer called the meeting to order at 2:30 p.m.

1. **Public Comment on Items Not on the Agenda**
None.

2. **Update on Status of Lake A**

<u>Summary of Presentation</u>
Colleen Winey presented an update on the status of Lake A in the future Chain of Lakes. Lake A has been mined under surface mining permit SMP-23 currently held by CEMEX, Inc. The approved SMP-23 from 1987 needs to be modificied due to previously-unforeseen geologic conditions and environmental regulations. The most current proposed SMP-23 Amendment submitted to Alameda County by CEMEX indicates there will be no further mining in Lake A. Alameda County requires that when mining is complete reclamation must be started within one year. Another year is allowed for completion of reclamation. Due to the significance of changes to the SMP-23 Reclamation Plan in the proposed Amendment, a California Environmental Quality Act (CEQA) assessment will be required. A Notice of Preparation (NOP) has been issued for the project and a Draft Environmental Impact Report (EIR) is anticipated by the end of the year. The proposed SMP-23 Amendment is expected to be brought forward for approval in Spring 2016. This could allow for the completion and transfer of Lake A to Zone 7 as early as 2018.

<u>Comments, Questions and Discussion</u>
Director Palmer asked if the changes to the lakes' footprint will result in a similar surface area and volume mined. Staff stated that although the surface area is similar the depth of Lake B is considerably greater than that originally proposed by in the 1987 surface mining permit. Also, the proposed depth increase creates more dead-space in the lake because the locations and depths of the connecting conduits are not proposed for changes.

Director Palmer then asked how much of Lake B recharges the groundwater basin. Staff replied the ability of Lake B to recharge the groundwater basin is significantly limited due to the fact that, once mining ceases, groundwater will take up most of the lake volume, leaving little room for increasing the pressure head by adding more water above the existing groundwater level.

Director Palmer asked also about the coordination with Caltrans on the Highway 84 widening project and the conduit that is supposed to be installed by CEMEX between Lakes A, B, and C. Staff indicated that it is CEMEX's intent to coordinate with the highway project, wherever possible.

Director Figuers postulated that an outcrop of silty/sandy clays that he observed in the field during mining around the middle of Lake A, dipping to the east 15 degrees, may represent the boundary of the Main Basin. He also stated that he has photos of these layers that can be shared with staff upon request, and acknowledged that the geologic layers may no longer be exposed at the site. He asked if any consideration had been given to whether Lake A would contribute recharge to the main basin. Staff stated that at this time Lake A was considered largely a conveyance, since groundwater was high in this area and would take up a larger volume of lake storage. This is also why the Chain of Lakes Pipeline project was being considered to allow for connection from Lake A to the other lakes and the treatment plant, should the lake be turned over early to Zone 7.

Director Stevens asked if there are any limitation on operations in Lake A due to the slope repair. He further suggested that Zone 7 hire a geotechnical firm to peer review the work that was completed and review any limitations to operating the water levels. His concern was that water levels would need to be kept above a certain elevation to prevent slope instability. Staff indicated that water levels were required to be kept at higher elevations prior to the installation of the corrective action but would have to confirm whether these limitations outlasted the repair.

Director Stevens also asked if Lake A would provide any stormwater control benefits. Staff replied that flows in the Arroyo Del Valle are largely controlled by the dam, so stormwater capture in Lake A for flood protection purposes would not likely be of any benefit.

During public comments, Don Kahler asked whether Lake I is recharging into the lower aquifer. Staff indicated that Lake I does not recharge directly into the lower aquifer, but must first pass through the existing aquitard, and further explained that the aquifer where Lake I recharges is not the same as those from which our drinking water wells draw.

3. Status of Water Supply Evaluation Update

Summary of Presentation

Brad Ledesma provided a presentation outlining the preliminary results of the Water Supply Evaluation (WSE) update. Staff provided this same presentation to the Retailers in late June, and is waiting for their comments. The approach to the update focused on portfolios, scenarios/metrics, and preliminary results. Zone 7 staff worked with the retailers to develop a refined list of feasible water supply options, and then used the list to develop three portfolios to compare with the Current Plan (i.e., Delta Fix focused). Portfolio A included Desalination, Portfolio B included Indirect Potable Reuse, and Portfolio C included both Desalination and Indirect Potable Reuse. Unlike the analysis completed in 2011, which used one scenario and only three metrics, the update includes eight scenarios and eight metrics, providing a much more robust analysis to help future decision making. All of the scenarios and metrics were vetted with and developed with input from the Retailers. The results of the analysis indicated that the addition of desalination, indirect Potable Reuse, or both, appears to make Zone 7's system more resilient to declining reliability of the State Water Project and delays in the Delta Fix, but that the addition of these new supplies could increase costs by 20 to 60%. In light of these preliminary results, Zone 7 hired HDR to complete a preliminary feasibility review of potential recycled water and desalination options for the Tri-Valley area. Staff anticipates seeing a draft of HDR's review by the end of the week. Zone 7 staff will update the analysis and results based on the HDR paper and any comments provided by the Retailers.

Comments, Questions and Discussion

Director Palmer asked what level of treatment was being considered for the reuse and was curious about the treatment options. Staff replied that the concepts being evaluated were advanced treatment, for example: reverse osmosis, advanced oxidation and multiple barriers (e.g., environmental buffers) for providing potable water supply. Staff also indicated that both direct and indirect potable reuse (DPR, IPR, respectively) were being explored. Director Palmer asked also about the perception of using recycled water in the Valley. Staff indicated that further polling, research, discussions with the retailers, and other public discussions would occur before any large-scale decisions would be made. On this topic, Director Figuers pointed out that the information provided showed that, at the most, only 18% of the total water supply would be made up of IPR, but staff said this is fairly close to the total amount of water supply Zone 7 has lost in recent years from the State Water Project and other water supply contracts.

Director Figuers then asked about the development of metrics and statistical methods for the Zone 7 risk model used in the WSE. Staff provided some additional information on the development process and will follow up upon request if additional detail is needed off-line. Director Figuers noted that the weighting in the "report card" was largely linear, but that elements of the report card, like the occurrence of "Rare Shortages" were not, in fact, linear themselves. Staff indicated that the report card is still in progress and these things will be considered further as staff continue to refine the analysis. Director Figuers also asked about the treated water costs and indicated that he would like to see staff use the full weighted costs passed on to the retailers when comparing portfolios.

Director Stevens asked about our existing water savings this year and stated that we should be close to the health and safety numbers established for the Central Valley Project of 55 gallons per person per day. Staff replied that although our projected water demands are low, they are not likely as low as 55 gallons per person per day. Director Stevens also asked about energy consumptions and what percent of our annual costs this constitutes. Staff replied that energy makes up a very small percentage of our annual budget, but relates to providing a reliable supply of water.

Director Stevens then asked about how build-out was accounted for and if demands would be leveled off at that point instead of continuing to increase, noting that this would need to be a team effort with the cities and that these preliminary figures indicated clearly that the "Current Plan" may not be sufficient should the Valley not choose to explore IPR and desalination. This question led to a discussion of conservation and how demand has changed in the last couple of years. Staff clarified that the projected demand was based on build-out estimates through 2040.

Director Stevens also asked at what other venues this data would be presented and indicated that adding costs translated into the average homeowner bill would be useful for communication. Staff indicated that the WSE update would be presented to the Liaison Committee after it is refined further based on input from the retailers.

4. Possible Rescheduling of Capital Improvement Program Projects

Summary of Presentation

Staff explained that, as part of the Cost of Service Study, the consultant had requested an option of deferred projects. As a result, staff developed a proposal and are providing the draft overview for discussion and direction from the committee. Staff then gave a presentation describing the projects recommended for deferral, re-scoping or other modifications from the Renewal/Replacement Strategy and the System-Wide Improvement Strategy of the Fiscal Year (FY) 2015/2016 Capital Improvement Program (CIP) for the timeframe covering FY15/16 to FY19/20 (the projects funded by water rates and the study period in the Cost of Service Study). The Expansion Strategy was not a part of this analysis as funding comes from connection fees rather than water rates. The recommended modifications decrease the cost expenditures in this five year window from $96,106,000 to $81,433,000. Although this deferral of costs of $14,673,000 allows time for Zone 7 to explore debt financing and moderate water rate increases, it does not remove the need for the projects that were deferred and not only increases operation & maintenance costs but also creates increased risk of failure; therefore, these project costs may actually increase in the future due to inflation. Deferrals and re-scoping largely centered on projects that would cause the least impact while meeting Zone 7's mission. Some present a temporary shift from proactive maintenance and construction costs to reactive maintenance (which is considerably higher) and deferred construction (which can be impacted by increased construction costs). No changes were recommended for the following programs: Buildings & Grounds, Groundwater Basin Management, Program Management, and Regulatory Compliance. Notable projects that were recommended for deferral include the following: Booster Pump Station (construction) from Transmission & Distribution, Reliability Intertie (construction) from Water Supply & Conveyance, projects associated with plant maintenance and upkeep from Water Treatment Facilities, and well maintenance and upkeep from Wells.

Comments, Questions and Discussion

Director Palmer asked specifics regarding individual projects such as the meaning of OSG (on site generation) and why a sodium hypochlorite tank would need to be covered by a structure. Staff responded and explained that the tanks would normally be covered to reduce degradation of the sodium hypochlorite itself due to heat and to the tanks (plastic based) due to degradation from ultraviolet light.

Director Figuers suggested that Zone 7 staff needs to explore abolishing the rate stabilization fund. Director Palmer responded that a discussion regarding this was more appropriate for debate at the Finance Committee since views differ widely.

Director Stevens asked if Operations and Maintenance staff were involved/informed of the project deferrals and re-scoping. Staff explained that the process in determining which projects would be deferred included several meetings with Engineering, Operations, Maintenance, Integrated Planning, and Finance to determine which projects could be deferred or re-scoped. Director Stevens asked for clarification on "line valves" to which staff explained that these were intended to help isolate sections of a pipeline for maintenance or repairs. Currently, if a leak occurred in a major line, some sections of our pipelines would have to take out of service many miles of pipeline to make the repair. This project adds additional valves a few at a time to make isolating any leaks less disruptive.

After the presentation, all three directors agreed with staff recommendations to provide the rescheduled CIP project costs to the Finance Committee for inclusion in the rate study.

5. Update on Well Ordinance Implementation

Summary

Kurt Arends provided brief update related to the Water Well Ordinance. Alameda County adopted a revised Well Ordinance in April of 2015 and Zone 7 signed an MOU with the County in June which delegated to Zone 7 the authority to administer the County Well Ordinance within Zone 7's service area. As part of administering the ordinance, staff is recommending that Zone 7 collect permit fees beginning on January 1, 2016.

Prior to the collection of permit fees, staff will be outreaching to the well drilling and consultant community. An informational meeting is scheduled for September 29. A letter will also be sent to the local cities, DSRSD and Cal Water regarding the well ordinance implementation. Each City has previously adopted a City Ordinance delegating well permitting authority; however, some may reference the old County Ordinance and may need to be updated. A meeting for the cities is planned for early October.

Staff will also be returning to the full Board in the fall to recommend adoption of special requirement areas, special boring permit requirements, special well construction requirements and an appeals process consistent with the MOU. In response to a Committee question about fees, it was explained that Zone 7 would be initially implementing the County fee schedule as shown on their web site (http://www.acgov.org/wells/fees.htm).

Comments, Questions and Discussion

There was no discussion beyond clarifications of timing and coordination with the county on fee implementation. The committee directed staff to proceed as described.

6. Verbal Reports

None.

7. Adjournment

The meeting was adjourned at approximately 4:07 p.m.

9/16/15 Board Written/Narrative Comments by Dick Quigley

Sept 9
Attended Alameda County CSDA Chapter meeting at the Douglas Morrison Theater, a HARD asset, the agency host.
GUEST SPEAKERS as follows:
HARD Executive Director, Pamela Russo,
Topic: Foundation Funding & Partnerships for Special Districts very enlightening!

Followed by EBRPD Park Unit Manager, Dania Stoneham
Topic: Anticipated Wet Winter 2015, talked about drought management and future concerns in the park district. Del Valle and Shadow Cliffs, Contra Loma, and Fremont shore line were featured.

Next we heard from California Consulting, Business Development Associate, Stephen Sanger,
Topic: Municipal Grants Market with a focus on Prop 1 (Water Bond Grant Writing).
Alameda County Local Agency Formation Commission Executive Officer, Mona Palacios, recognized Zone 7, DSRSD, Livermore, & Pleasanton for getting a recent State LAFCO good governance award, and shared that John Marchand, and Splen Splendorio had been appointed to State LAFCO board members. She also recognized local LAFCO Chapter Representatives: Ralph Johnson, Ayn Wieskamp, and GeorgeanVonheeder-Leopold, in attendance.

I did not know the HARD theater existed. Quite an asset built in 1979, next to a creek, park and Japanese garden.

Let me know if you have any questions or suggestions.

Thanks DQ

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: ADMINISTRATION
CONTACT: Jill Duerig

AGENDA DATE: September 16, 2015 **ITEM NO.** 14a

SUBJECT: GENERAL MANAGER'S REPORT

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

Administration:

- The Bay Area Regional Reliability (BARR) Partnership (eight water agencies, including Zone 7) was selected to receive $200,000 in grant funding from the US Bureau of Reclamation towards the development of a regional drought contingency plan.

- At its annual meeting, CALAFCo presented the Government Leadership Award to Zone 7 and its partners (Livermore, Pleasanton, DSRSD, Dublin and San Ramon) for developing the Tri-Valley Intergovernmental Reciprocal Services Master Agreement, as an example of working together and furthering good government efforts.

- Staff submitted a California River Parkways grant application for the Arroyo Mocho Floodplain and Riparian Forest Restoration Project at Medieros Parkway.

- Staff are beginning to collect information to prepare Zone 7's first Comprehensive Annual Financial Report (CAFR).

Environmental & External Affairs:

- In August, the US Bureau of Reclamation released its draft Environmental Impact Statement (EIS) for the coordination of long-term operations of the Central Valley Project and the State Water Project. The EIS evaluates the potential impacts of the implementation of the Biological Opinions for the Delta Smelt and salmon on the projects' pumping.

Operations and Maintenance:

- During August, sludge from both plants was stored on the respective plant site while negotiations continued with the newly-selected landfill on contract details. These negotiations are nearing completion so sludge hauling should be able to begin in September.

Engineering and Flood Control:

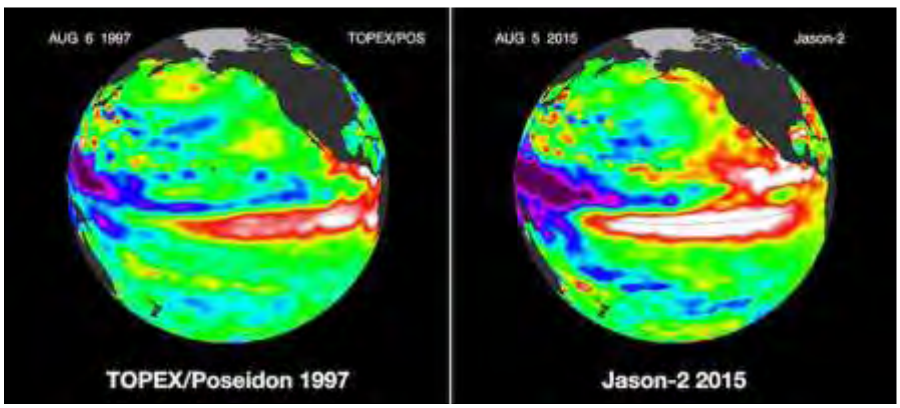
- Staff sent letters to about 20 private well owners in the Tesla Road nitrate area-of-concern requesting sampling access to the wells. One of Zone 7's interns completed a draft cross section for the Mines Road area of concern and compiled a list of about seven private wells that seem like good potential candidates for sampling in that area, as well.

- In preparing for the wet season, with the support of the Livermore Police Department, staff completed homeless encampment cleanup in the Arroyo Seco culvert underneath Patterson Pass Road, in the Arroyo Las Positas behind Kohl's and in the Arroyo Las Positas behind the Autumn Springs apartment complex this week.

- Other August preparations for the wet season included one of Zone 7's contractors replacing five damaged, corroded storm drain pipes along Chabot Canal and work continuing on the second section of the channel between Inglewood and Stoneridge. A second crew is repairing longitudinal cracks along the west bank of Alamo Canal in Pleasanton.

- In further preparation, staff continued working on the Storm Central/Early Flood Warning System (see https://stormcentral.waterlog.com/public/Zone7). The new Arroyo Mocho-near-Livermore (AMNL) gauge is on line and two additional new stream gauge stations are being installed.

- Although it is unclear how it will impact water supplies across the state or local storms and flooding potential, all indications are that this winter will bring a major El Niño.



Item 14a

Monthly List of GM Contracts

August 2015

<u>Contracts</u>:

Fanfa, Inc.	$25,000	Maintenance and Emergency Work for our facilities
Management Partners	$15,000	Transitional Support for Administration
Cota Cole Attorneys	$50,000	Legal Services
Avidex	$7,350	Maintenance and Support for Boardroom And Training Room Audio/Visual Equipment
Total August 2015	**$97,350**	

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ORIGINATING SECTION: ADMINISTRATIVE SERVICES

CONTACT: BONI BREWER

AGENDA DATE: September 16, 2015 ITEM NO. 14b

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of Agency consultants, monitor legislation that is being considered in Sacramento, as well as other political activities of interest to the Agency.
- The appropriations committees of both houses met August 27th and determined which bills would proceed to the floor and which ones would be held until 2016. The Legislature is scheduled to adjourn the first year of its regular session on September 11th.
- AB 1201 (Salas) was held in the Senate Appropriations Committee and is dead for the year. It would have required the Department of Fish and Wildlife to develop a science-based plan to address predation of endangered species by non-native species.
- AB 617 (Perea) advanced to the Senate floor. It makes numerous technical and clarifying changes to the Sustainable Groundwater Management Act. It also states that any action to regulate groundwater extractions as a means to implement a groundwater plan could not be used for or against any claim of a right to pump groundwater that has been continuously extracted for a reasonable period of time.
- SB 385 (Hueso) passed the Assembly and went to the governor's desk. This ACWA-sponsored bill would grant a public water agency that prepares and submits a compliance plan for addressing hexavalent chromium a period of time to implement the plan and meet the state-required level.
- Senator Jean Fuller of Bakersfield was elected as minority leader by Republicans and took office immediately. She replaces Bob Huff of Diamond Bar a few months before the typical November transition. In the Assembly, Republicans selected Chad Mayes of Yucca Valley as leader-elect. He will take the leadership role when the Legislature convenes on January 4, 2016.
- Senator Fran Pavley amended her bill, SB 20, to create what she called a "starting point" for discussions of a public goods charge for water. She said she will not try to move the bill in September and the discussions will take place with stakeholders over the next several months in preparation for the 2016 legislative year.

RECOMMENDED ACTION: Information only

EXECUTIVE SUMMARY
State Legislation

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

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 08/31/15
Water Management				
AB 935 (Salas)	Water projects	This bill would require, upon appropriation by the Legislature, the Department of Water Resources to provide funding for certain projects.	Oppose	On Senate Floor
AB 1164 (Gatto)	Water conservation: drought tolerant landscaping	This bill would prohibit a city, including a charter city, county, and city and county, from enacting or enforcing any ordinance or regulation that prohibits the installation of synthetic grass or artificial turf on residential property, as specified.	Watch	On Senate Floor
SB 20 (Pavley)	California Water Resiliency Investment Act	This bill would create the California Water Resiliency Investment Fund in the State Treasury and provide that moneys in the fund are available, upon appropriation by the Legislature, for the purpose of providing a more dependable water supply for California. This bill would create various accounts within the fund for prescribed purposes.	Watch	DEAD
SB 664 (Hertzberg)	Water: urban water management planning	This bill would require an urban water supplier to include within its plan, beginning January 1, 2020, a seismic risk assessment and mitigation plan to assess the vulnerability of each of the various facilities of a water system and mitigate those vulnerabilities.	Watch	On Assembly Floor

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 08/31/15
Groundwater				
AB 453 (Bigelow)	Groundwater management	This bill would provide that moneys in the Water Rights Fund from fees imposed to recover costs incurred in administering the Sustainable Groundwater Management Act are available for expenditure for the purpose of the Sustainable Groundwater Management Act and certain groundwater reporting requirements.	Watch	On Senate Floor
AB 617 (Perea)	Groundwater	This bill would define "in-lieu use" for the purposes of the Sustainable Groundwater Management Act and would provide that, where appropriate, measures addressing in-lieu use shall be included in a groundwater sustainability plan.	Watch	On Senate Floor
AB 937 (Salas)	Groundwater planning and monitoring: disadvantaged communities	This bill would require the Department of Water Resources to provide technical assistance to disadvantaged communities so that they may participate in groundwater planning, including, but not limited to, plans for regional groundwater banking, with any county or other local agency.	Watch	DEAD
AB 939 (Salas)	Groundwater sustainability agency	The Sustainable Groundwater Management Act authorizes a groundwater sustainability agency to impose fees to fund the costs of a groundwater sustainability program and requires a groundwater sustainability agency to hold at least one public meeting prior to imposing or increasing a fee. This bill would require a groundwater sustainability agency to make the data upon which the proposed fee is based available 20 days prior to the public meeting to impose or increase a fee.	Watch	On Senate Floor
AB 1242 (Gray)	Water quality: groundwater impacts	This bill would require the State Water Resources Control Board, in formulating state policy for water quality control and adopting or approving a water quality control plan for the Sacramento-San Joaquin Delta, to take into consideration, consistent with the requirements of the California Environmental Quality Act, any applicable groundwater sustainability plan or alternative and available information and data regarding the impacts of groundwater use and management on beneficial uses of surface waters.	Watch	On Senate Floor

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 08/31/15
AB 1390 (Alejo)	Groundwater: adjudication	This bill would establish special procedures for a comprehensive adjudication, which is defined as an action filed in superior court to comprehensively determine the rights to extract groundwater in a basin. The bill would authorize the court to determine all groundwater right of a basin whether based on appropriation, overlying right, or other basis of right. The bill would provide that these special procedures governing comprehensive adjudications do not apply in certain cases that do not involve a comprehensive allocation of a basin's groundwater supply.	Watch	On Senate Floor
SB 13 (Pavley)	Groundwater	This bill would specify that the State Water Resources Control Board is authorized to designate a high- or medium-priority basin as a probationary basin. This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin.	Watch	To Engrossing and Enrolling
Public Works				
AB 251 (Levine)	Public Works: public subsidies	This bill would provide that a public subsidy is de minimis if it is both less than $250,000 and less than 2% of the total project cost. The bill would specify that those provisions do not apply to a project that was advertised for bid, or a contract that was awarded, before July 1, 2016.	Watch	Vetoed
Invasive Species				
AB 300 (Alejo)	Safe Water and Wildlife Protection Act of 2016	This bill would enact the Safe Water and Wildlife Protection Act of 2016, which would require the State Water Resources Control Board to establish and coordinate the Algal Bloom Task Force, comprised of specified representatives of state agencies, including the conservancy, in consultation with the Secretary for Environmental Protection, and would prescribe the functions and duties of the task force.	Watch	DEAD

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 08/31/15
SB 223 (Galgiani)	Division of Boating and Waterways: oversight committee: invasive aquatic plants	This bill would require the Division of Boating and Waterways, no later than January 1, 2017, to establish an advisory and oversight committee to evaluate and monitor the activities of the division relating to the management and control or eradication of invasive aquatic plants in the Sacramento-San Joaquin Delta.	Watch	DEAD
Governance				
AB 402 (Dodd)	Local agency services: contracts	This bill would revise the circumstances under which a local agency formation commission may authorize a city or district to provide new or extended services. This bill would additionally establish a pilot program, until January 1, 2021, for the Napa, Sonoma, and San Bernardino commissions that would permit those commissions to authorize a city or district to provide new or extended services outside both its jurisdictional boundaries and its sphere of influence under specified circumstances.	Watch	On Senate Floor
AB 656 (Garcia)	Joint powers agreements: mutual water companies	This bill would specifically authorize a mutual water company and a public agency to participate in a joint powers agreement for the provision of insurance and risk-pooling, technical support, and other similar services for the purpose of reducing risk liability, as specified.	Watch	Enrolled and presented to the Governor
SB 272 (Hertzberg)	The California Public Records Act: local agencies: inventory	This bill would require each local agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the Office of the person or officer designated by the agency's legislative body, and to post the catalog on the local agency's Internet Web site.	Watch	On Assembly Floor
SB 704 (Gaines)	Public officers and employees: conflict of interest	This bill would include in the definition of "remote interest" the interest of a person who is an owner or partner of a firm serving as an appointed member of an unelected board or commission of the contracting agency, if the owner or partner recuses himself or herself from providing any advice to the contracting agency regarding the contract between the firm and the contracting agency, and from all participation in reviewing a project that results from that contract.	Watch	On Senate Floor

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 08/31/15
Sacramento-San Joaquin Delta				
AB 1201 (Salas)	Fish and wildlife: Sacramento-San Joaquin Delta: predation by nonnative species	This bill would require the Department of Fish and Wildlife, by June 30, 2016, to develop a science-based approach that addresses predation by nonnative species upon species of fish listed pursuant to the act that reside all or a portion of their lives in the Sacramento-San Joaquin Delta.	Support	DEAD
Energy				
AB 568 (Dodd)	Reclamation District No. 108: hydroelectric power	Existing law authorizes Reclamation District No. 1004, in conjunction with the County of Colusa, to construct, maintain, and operate a plant, transmission lines, and other necessary or appropriate facilities for the generation of hydroelectric power. This bill would grant the above-described hydroelectric power authority to Reclamation District No. 108 until January 1, 2021.	Watch	Chaptered by the Secretary of State, Chapter 134, Statutes of 2015
SB 471 (Pavley)	Water, energy, and reduction of greenhouse gas emissions: planning	This bill would include reduction of greenhouse gas emissions associated with water treatment among the investments that are eligible for funding from the Greenhouse Gas Reduction Fund.	Watch	DEAD
Water Efficiency				
AB 585 (Melendez)	Outdoor Water Efficiency Act of 2015: income tax credits: outdoor water efficiency	This bill, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, would allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for water-efficiency improvements, as defined, on qualified real property in this state, not to exceed $2,500 per taxable year, as specified.	Watch	DEAD
Water Use				
SB 555 (Wolk)	Urban retail water suppliers: water loss management	This bill would require each urban retail water supplier, on or before October 1, 2017, and on or before July 1 of each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided.	Watch	On Assembly Floor

Bill	Topic	Synopsis	Staff Recommendation	Status of the Bill/Comments as of 08/31/15
SB 758 (Block)	Atmospheric Rivers Research and Mitigation Fund	This bill would establish the Atmospheric Rivers: Research, Mitigation and Climate Forecasting Program in the Department of Water Resources to research climate forecasting and the causes and impacts that climate change has on atmospheric rivers, to operate reservoirs in a manner that improves flood protection in the state, and to reoperate flood control and water storage facilities to capture water generated by atmospheric rivers.	Watch	On Assembly Floor
Drinking Water				
SB 385 (Hueso)	Primary drinking water standards: hexavalent chromium: compliance plan	This bill would authorize, until January 1, 2020, the State Water Resources Control Board, at the request of a public water system, that prepares and submits a compliance plan to the state board, to grant a period of time to achieve compliance with the primary drinking water standard for hexavalent chromium by approving a compliance plan.	Support	Enrolled and presented to the Governor

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ORIGINATING SECTION: OFFICE OF THE GENERAL MANAGER

CONTACT: BONI BREWER

AGENDA DATE: September 16, 2015 ITEM NO. 14c

SUBJECT: Outreach Activities

E-Newsletter, August 12th

The e-newsletter had articles on: 1) Zone 7's receiving the District Transparency Certificate of Excellence from the Special District Leadership Foundation; and 2) upcoming Board meetings to review water rates.

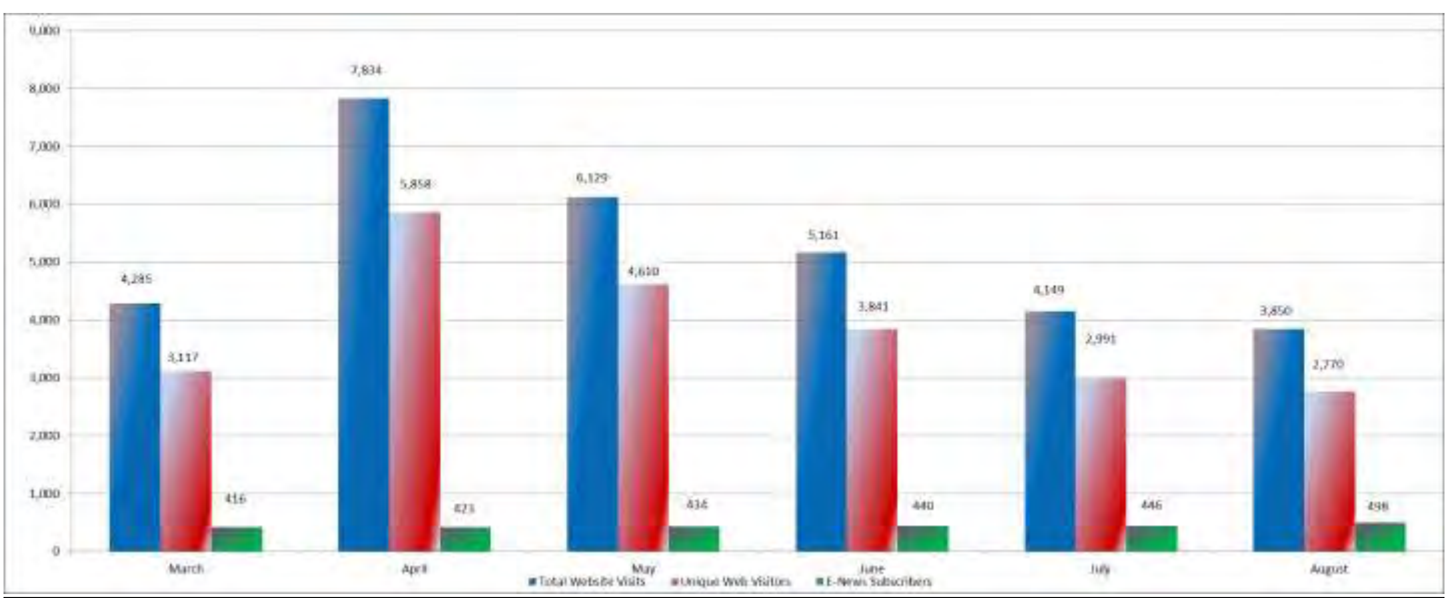
Drought Display at Dublin & Pleasanton Libraries

Zone 7's tabletop drought display encouraging residents and businesses to keep up the good work with drought-related water conservation was on display at the Dublin Library through August 17 and at the Pleasanton Library for the balance of the month. Display at the Livermore Library was planned for the month of September.

Water Rates Postcard

A postcard announcing dates and times of upcoming public meetings on water rates was mailed out on August 18 to approximately 93,000 residential and business addresses in Zone 7's service area.

Website & E-news Subscription Activity



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ORIGINATING SECTION: OFFICE OF THE GENERAL MANAGER
CONTACT: BONI BREWER

AGENDA DATE: September 16, 2015 ITEM NO. 14d

SUBJECT: 2014-15 School Year Report

SUMMARY:

- For the past 15 years, Zone 7 has been offering Tri-Valley teachers a wide variety of free classroom programs to make learning about water fun and help teachers meet state and federal curriculum standards.
- Zone 7's schools program is available to classrooms in Livermore, Pleasanton, Dublin and the Dougherty Valley in San Ramon.
- For the 2014-15 school year, there were a total of 434 kindergarten-through-eighth grade classroom presentations, a 21% increase from the previous year; and 45 high school presentations, more than double the previous year's number. The program was spread across the Zone 7 service area.
- The schools program reached more than 12,000 students with presentations at every grade level. Topics ranged from watershed and creek protection education to flood protection, storm drain pollution, drinking water quality, and water conservation.
- In addition to the regular classroom presentations, Zone 7's schools program participated in two separate Science Fairs, a special Ag Adventure Day for Livermore third-graders, and a Boy Scouts STEM (Science, Technology, Engineering and Mathematics) event at the Alameda County Fairgrounds.
- The program continues to grow, with particular emphasis being placed in the past couple of years on reaching more high school students. For 2014-15, the high school program's "Water: Choice and Changes" presentation was offered to ninth-grade health classes. For the upcoming 2015-16 school year, high school offerings will be extended to a new lesson aimed at Advanced Placement environmental science classes or the nearest equivalent classes in schools that don't offer AP environmental science.

FUNDING: For FY 2014-15, the schools program accounted for $75,000 of a larger outreach support services contract with Morrison & Associates, Inc (M&A). There had been a separate $20,000 contract with M&A to increase presentations at the high school level. For FY 2015-16, these two contracts were combined, with a total $100,000 earmarked for schools. Funding for the contract comes from Fund 100-Water Enterprise and Fund 200-Flood Control.

RECOMMENDED ACTION: Information only

ATTACHMENTS: Schools Report Summary

2014-2015 Schools Program Summary

Total #of Presentations K through 8: Taught in 2013-2014/Taught in 2014-2015

358/434 Classroom presentations

By Curriculum Type: last school year/this school year

- 74/81 Water Matters (Kindergarten)
- 63/101 Conservation Concepts (First Grade)
- 52/51 Creek & Stream (Second Grade)
- 52/78 What's Water Got To Do With It (Third Grade)
- 39/38 California and the Race for Liquid Gold (Fourth Grade)
- 28/37 Life as a Water Molecule (Fifth Grade)
- 31/22 The Wonder Down Under (Fifth and Sixth Grades)
- 15/26 Drinking Water Treatment (Fifth Grade)
- 4/0 Creek Walks all in Pleasanton

By Town: last school year/this school year

- 93/149 School Programs in Dublin
- 130/143 School Programs in Livermore
- 116/120 School Programs in Pleasanton
- 19/22 School Programs in San Ramon (Dougherty Valley)

High School:
By Town: last school year/this school year

21/45 Classroom presentations

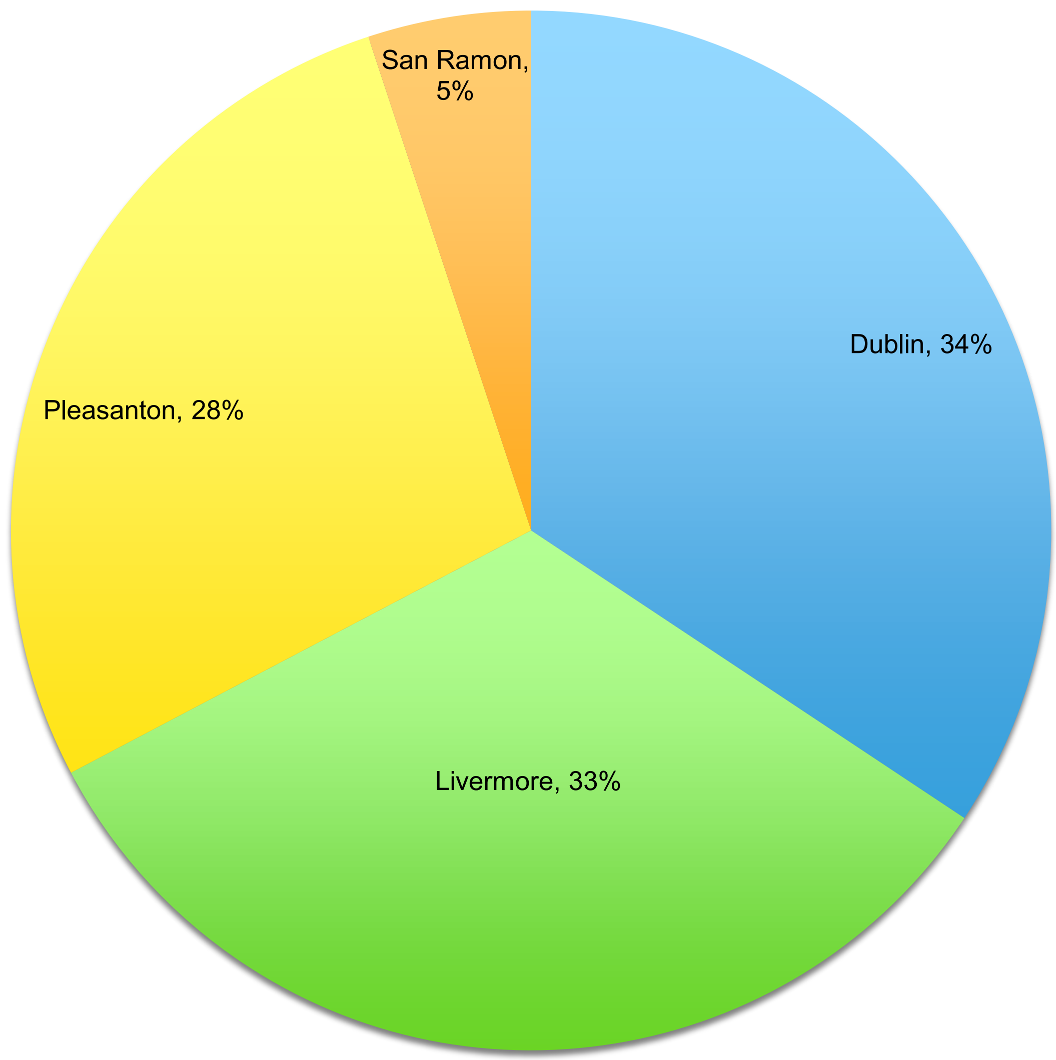
- 0/6 School Programs in Dublin
- 12/24 School Programs in Livermore
- 9/15 School Programs in Pleasanton

Outreach:

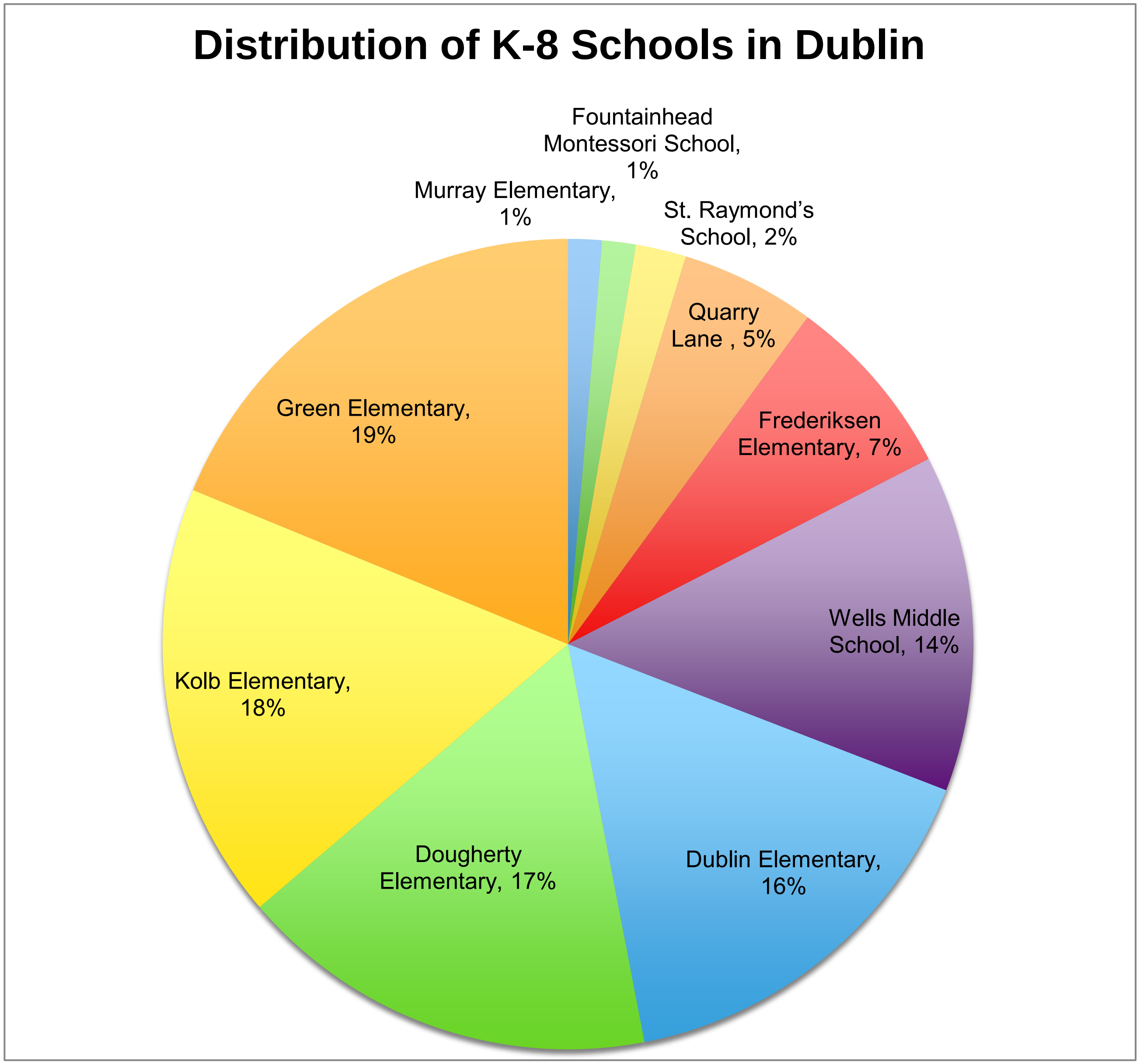
- Boy Scouts STEM - Reaching over 1000 scouts
- Livermore Science Odyssey – Reaching over 500 students
- Donlon Science fair - Reaching over 400 students
- Ag Day at Livermore High School - Reaching over 300 third graders

Count of CITY	
CITY	Total
Dublin	149
Livermore	143
Pleasanton	120
San Ramon	22
Grand Total	434

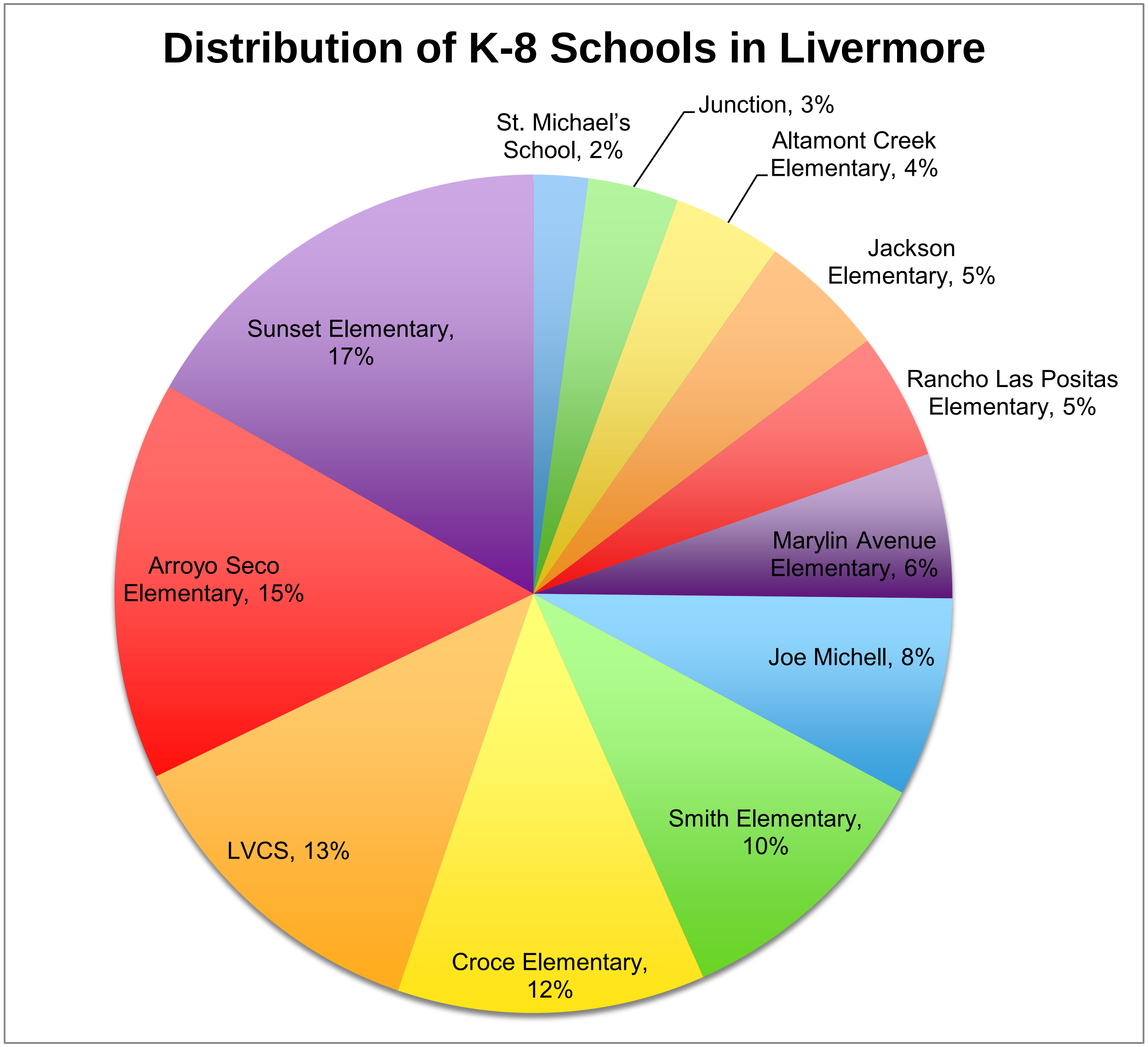
Distribution of K-8 Schools by City



Count of SCHOOL	
SCHOOL	Total
Fountainhead Montessori School	2
Murray Elementary	2
St. Raymond's School	3
Quarry Lane	8
Frederiksen Elementary	11
Wells Middle School	20
Dublin Elementary	24
Dougherty Elementary	25
Kolb Elementary	26
Green Elementary	28
Grand Total	149

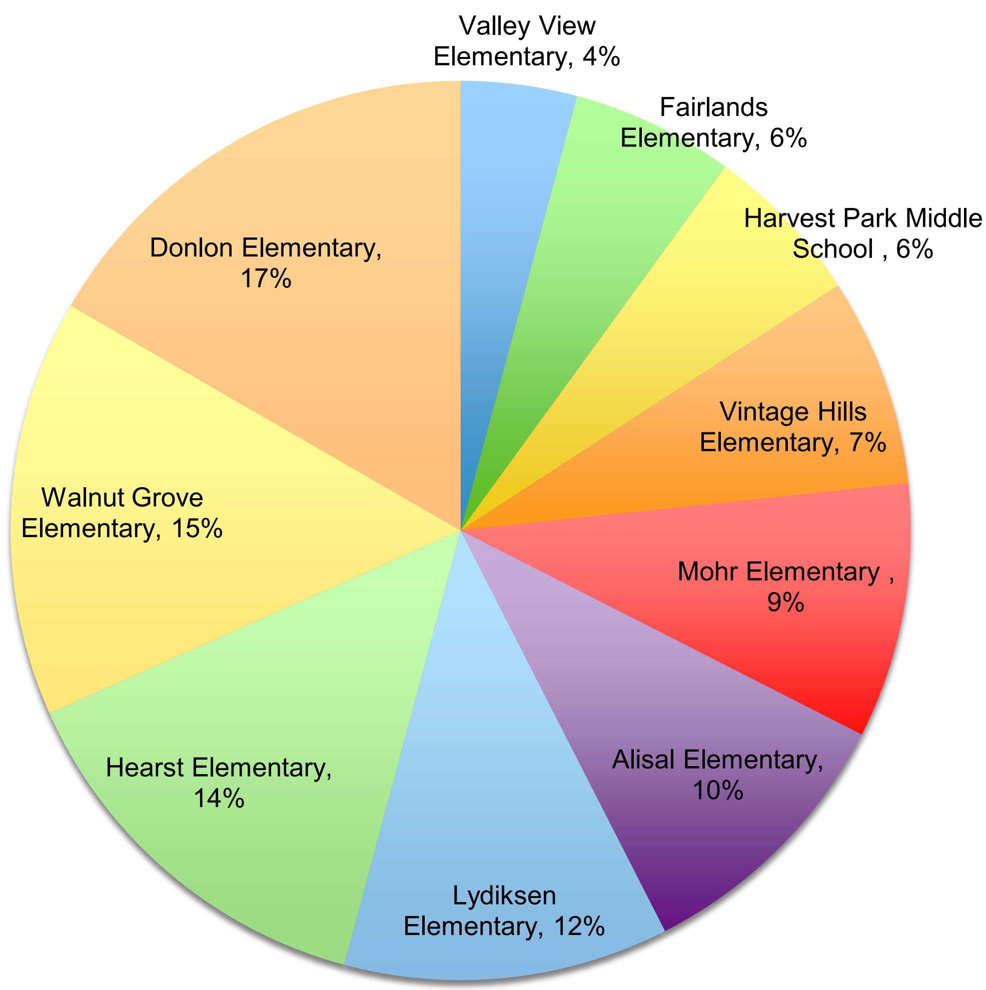


Count of SCHOOL	
SCHOOL	Total
St. Michael's School	3
Junction	5
Altamont Creek Elementary	6
Jackson Elementary	7
Rancho Las Positas Elementary	7
Marylin Avenue Elementary	8
Joe Michell	11
Smith Elementary	15
Croce Elementary	17
LVCS	18
Arroyo Seco Elementary	22
Sunset Elementary	24
Grand Total	143

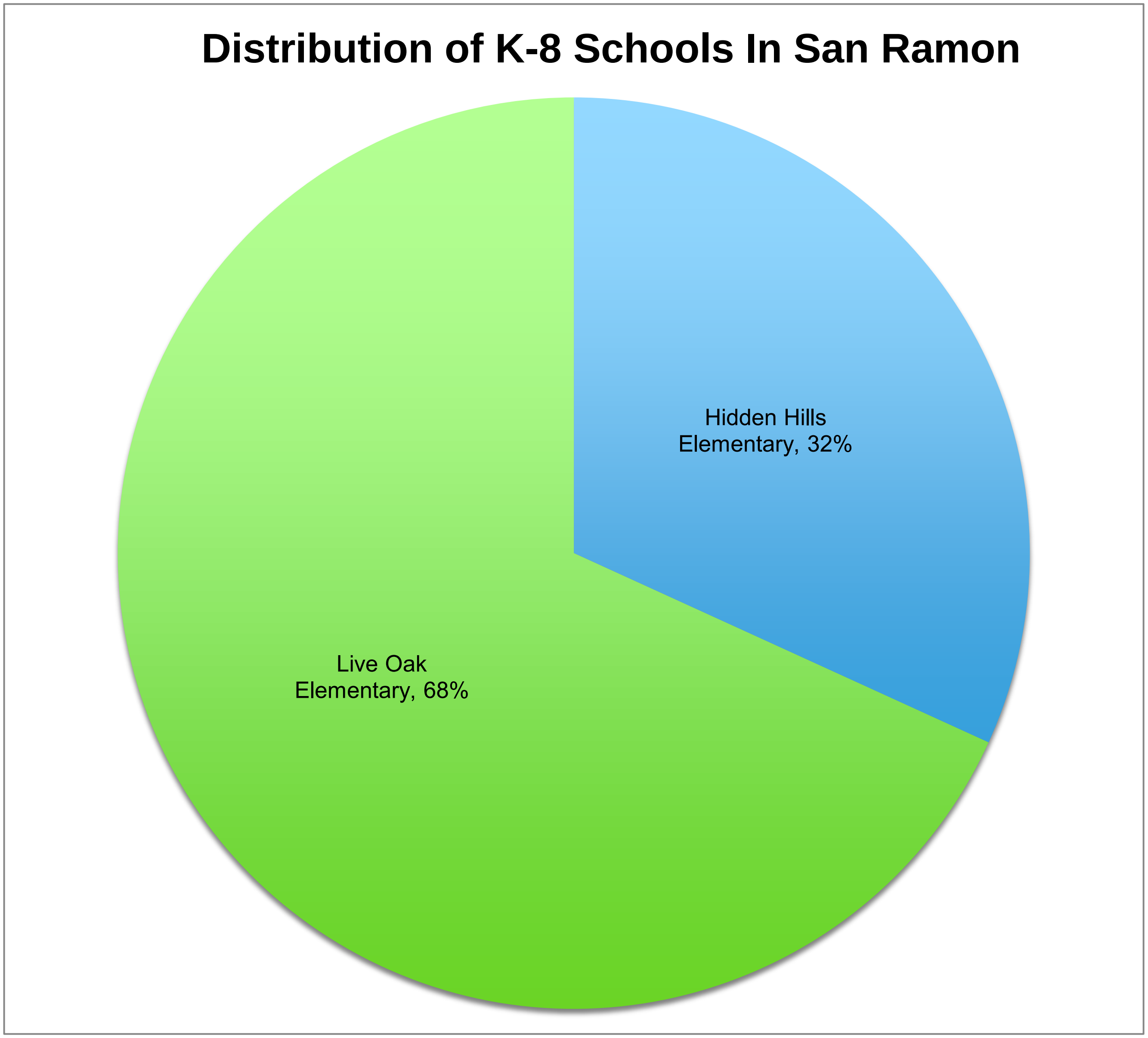


Count of SCHOOL	
SCHOOL	Total
Valley View Elementary	5
Fairlands Elementary	7
Harvest Park Middle School	7
Vintage Hills Elementary	9
Mohr Elementary	11
Alisal Elementary	12
Lydiksen Elementary	14
Hearst Elementary	17
Walnut Grove Elementary	18
Donlon Elementary	20
Grand Total	120

Distribution of K-8 Schools In Pleasanton

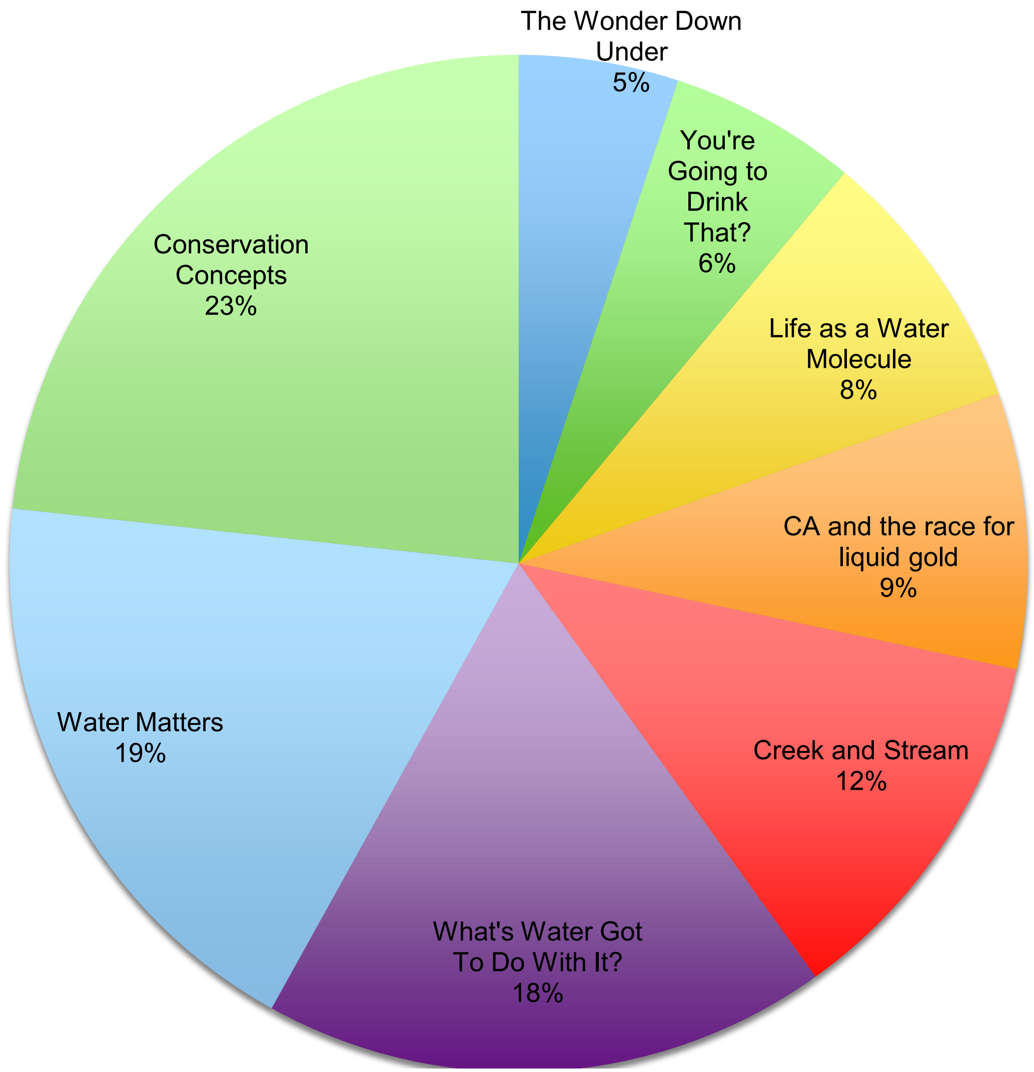


Count of SCHOOL	
SCHOOL	Total
Hidden Hills Elementary	7
Live Oak Elementary	15
Grand Total	22

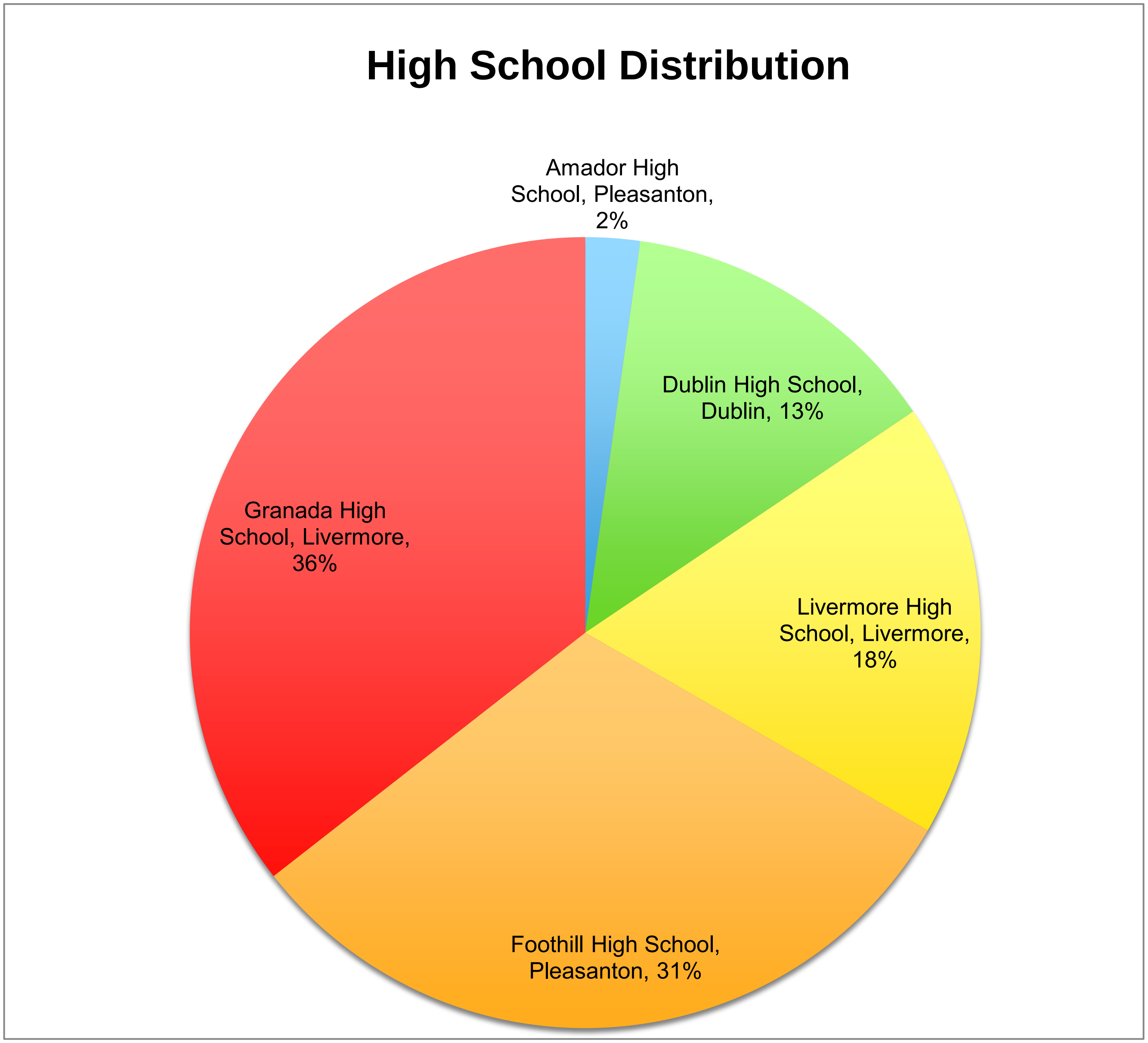


Count of PROGRAM	
PROGRAM	Total
The Wonder Down Under	22
You're Going to Drink That?	26
Life as a Water Molecule	37
CA and the race for liquid gold	38
Creek and Stream	51
What's Water Got To Do With It?	78
Water Matters	81
Conservation Concepts	101
Grand Total	434

K-8 Lesson Distribution



Count of SCHOOL	
SCHOOL	Total
Amador High School, Pleasanton	1
Dublin High School, Dublin	6
Livermore High School, Livermore	8
Foothill High School, Pleasanton	14
Granada High School, Livermore	16
Grand Total	45



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Engineering
CONTACT: Rhett Alzona

AGENDA DATE: September 16, 2015

SUBJECT: Drought Update ITEM NO. 14e

SUMMARY:

- Lake Del Valle's water level has been dropping due to releases and evaporation. Releases to the Arroyo Valle have been temporarily discontinued to allow more water from the lake to reach DVWTP. As of August 31, the lake level in Del Valle is around 696 feet above MSL (35,300 AF).

- Raw water TOC concentrations continue to be observed around 4.5 mg/L at the treatment plants in August. Ferric chloride coagulant demand at DVWTP continues to be higher than normal (currently over 70 mg/L) to combat the elevated TOC levels.

- Filter performance testing with a blend of coagulants continues at PPWTP in an effort to find a more optimum blend for water treatment with reduced sludge production. Total trihalomethanes (TTHM) generated during the test are an ongoing challenge and mitigation measures included PAC and ferric chloride use. In August, TOC and bromide levels continued to be elevated. Zone 7 Operations has been using a coagulant blend of 25 mg/L aluminum chlorohydrate (ACH) and 20 to 25 mg/L ferric chloride which appears to be performing reasonably well in terms of plant filter run times and treated water quality.

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

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

As of September 1, the only major work remaining is the installation of the electrical service. Zone 7 staff reviewed and Conco West ordered an electrical switchgear/ service panel. Delivery of this component to the BV1 site is expected around October 2015. Electrical work and coordination with PG&E for installation would take place in the October-November period. Conco West is currently working on punchlist work for the pipeline tie-in and aesthetics for the site. Graffiti removal along the existing pre-fabricated tongue and groove fence and screening for a portion of the perimeter fence facing Valley Avenue was completed during August. Due to the electical work and PG&E coordination, completion of this project is still anticipated in December 2015.

2. Stoneridge Cross Valley Isolation Valve – Stoneridge Well is Zone 7's highest producing well. By itself the well produces water that is just below the current hexavalent chromium (Cr6) drinking water standard or maximum contaminant level (MCL). By blending with surface water, water at the turnouts can be easily managed well below the Cr6 MCL. This new isolation valve enables Zone 7 to direct Stoneridge Well water in a westerly direction in the event the well water exceeds the hexavalent chromium and there is limited surface water. During times of limited to no surface water, Stoneridge Well water can stay well below the MCL by blending with other wells and water from the Mocho Groundwater Demineralization Plant on the west side of the Zone 7 transmission system. The Zone 7 Board approved a project budget of up to $566,000 which includes Zone 7 staff time, installation of the valve, vault, electrical and control systems.

   Zone 7 entered into a Progressive Design-Build contract with Conco West, Inc. (with Stantec as sub-consultant) for a not-to-exceed amount of $452,000. Construction to install the new valve and valve vault is complete. As of September 1, Conco West is working on punch list items that include painting of the metal piping components, corrosion protection issues, and documentation (e.g. O&M Manuals, record drawings, etc). With change orders, the total Conco West effort is expected to be $475,000-500,000.

During the month of August both Treatment Plants were online and groundwater use made up only 3% of supply. Semitropic Water Storage District continued to recover water for Zone 7 in August while Cawelo continues on hold until further notice. Zone 7 made releases on Arroyo Valle to maintain a live stream and recharge the groundwater basin for about half of the month. Releases are expected to resume following Labor Day. The Mocho Groundwater Demineralization Plant (MGDP) operation was limited to minimum reverse osmosis (RO) feed to maintain the membranes. Minimal MGDP use reduces discharge of the concentrate which minimizes water loss (waste stream is approximately 15% of the amount of groundwater pumped).

- DWR's pumping filled Lake Del Valle to capacity in April. Zone 7 also had a claim to about 2,000 AF of local runoff minus a portion that is lost to evaporation. Local water stored in the lake has been used up but any runoff captured this fall will be used in 2016.

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

BACKGROUND:

Calendar Year 2013 was the driest year in recorded state history. 2013 also set a new record as the driest year measured in the Livermore-Amador Valley, with total precipitation of only 4.5 inches out of the average yearly rainfall of 14.47-inches (only 31% of average recorded at Livermore Station 15e). In early January 2014, the snowpack's statewide water content was estimated at about 20% of the recorded average for this time of year. On January 17, 2014, Governor Jerry Brown declared a State of Emergency in California due to the current drought conditions and asked all citizens to cut back water use by 20%. On January 29, 2014 at a Special Meeting of the Zone 7 Board, a Local Drought Emergency was declared and a Drought Emergency Response Plan was accepted. In addition, on January 31, 2014, the California Department of Water Resources (DWR) announced they were reducing State Water Project allocations from 5% to zero for the first time in history.

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

On April 16, 2014, the Zone 7 Board received the annual Sustainability Report and authorized the General Manager to implement Stage Two Actions under the 2010 Urban Water Management Plan to achieve 25% demand reductions. On April 25th, Governor Jerry Brown issued a second drought proclamation.

On July 29, 2014, a State Water Resources Control Board (SWRCB) emergency regulation to increase conservation practices for all Californians went into effect. The new conservation regulation targets outdoor urban water use and mandates conservation reporting by retail water agencies.

On August 14, 2014, the California Public Utilities Commission ordered the water companies under its jurisdiction to provide notice to their customers of the July 29th emergency regulation.

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

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

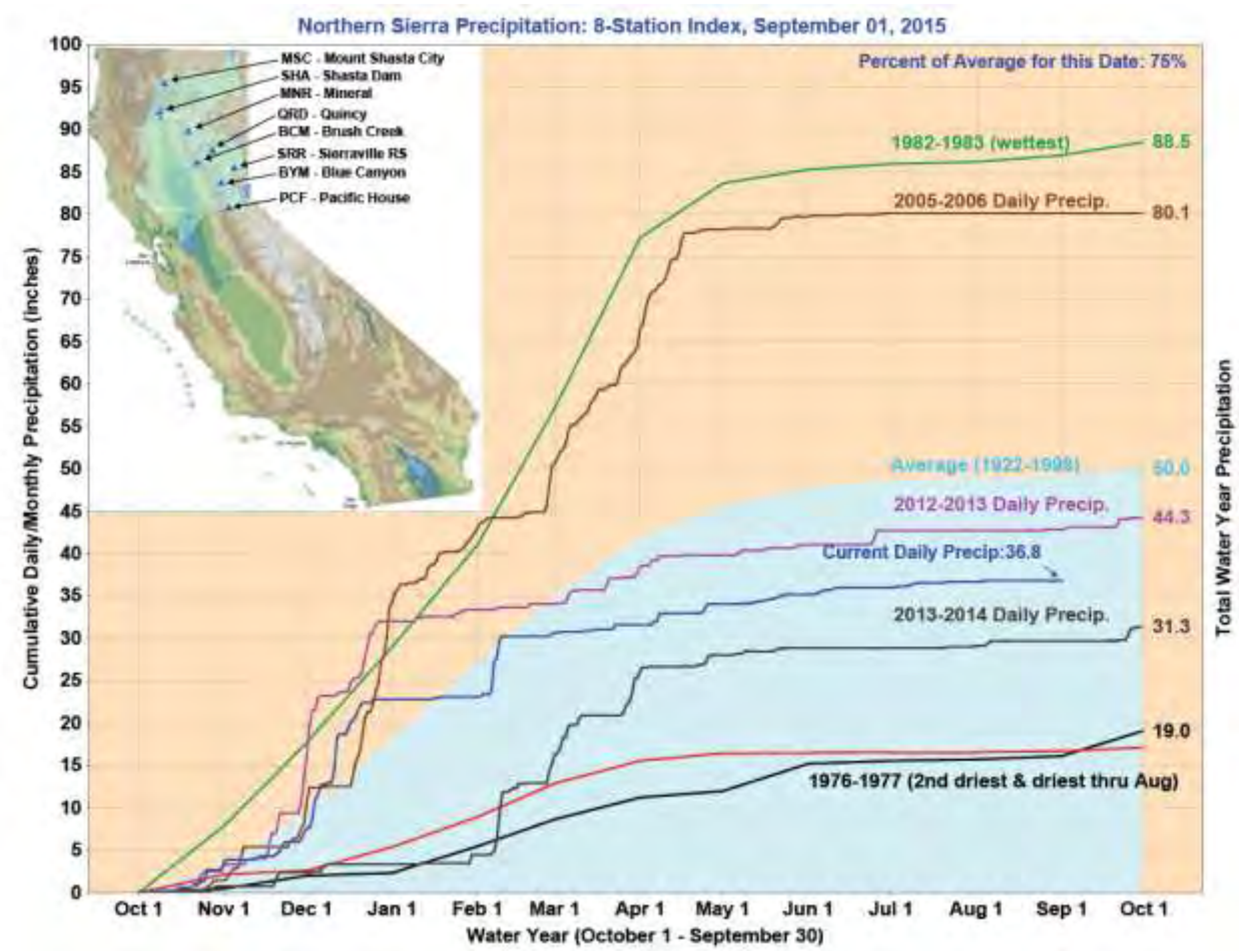
On April 15, 2015, the Zone 7 Board extended the local state of drought emergency, lifting the Stage 2 actions, and shifting to support the new statewide water conservation requirements.

On May 5, 2015, the SWRCB adopted an emergency conservation regulation in accordance with the Governor's latest directive. The provisions of the emergency regulation went into effect on May 15, 2015. This regulation set specific conservation targets for each water retailer.

DISCUSSION:

The Northern Sierra hydrology average is at 36.8 inches compared to an average of 49 inches for this time of year (see graph; or for updates see http://cdec.water.ca.gov/cgi-progs/products/PLOT_ESI.pdf).

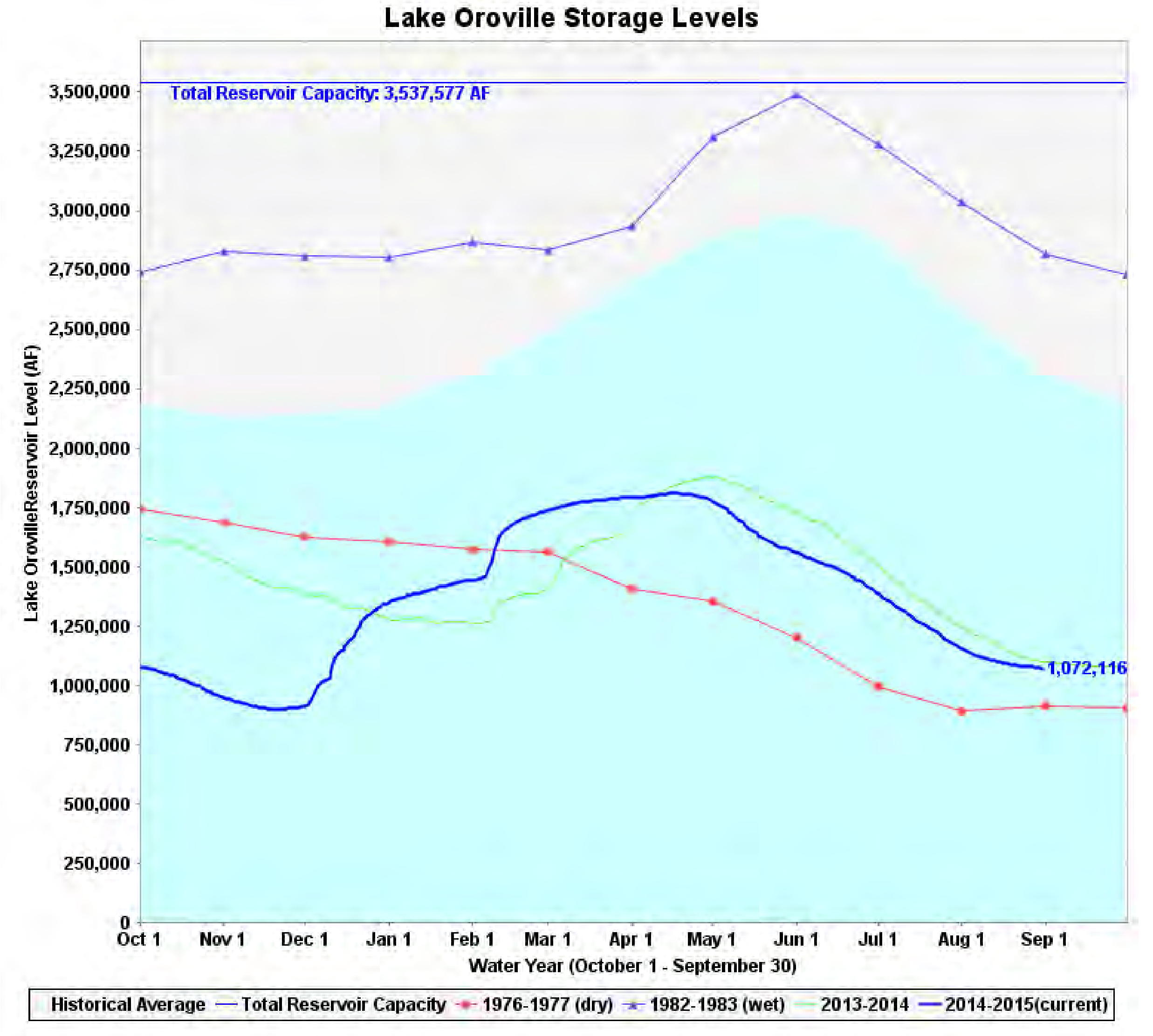
Northern Sierra precipitation is critical as it determines DWR's ability to refill Lake Oroville, which is the primary source of water for Zone 7 (water is released from Lake Oroville into the Feather and then the Sacramento River and from there it is conveyed through the Delta by a series of levees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



The local hydrology Water Year-to-Date (October 1, 2014-August 31, 2015) is currently at 90% of average recorded conditions at 13.08 inches. This is 10% below the annual recorded average of 14.45 inches.

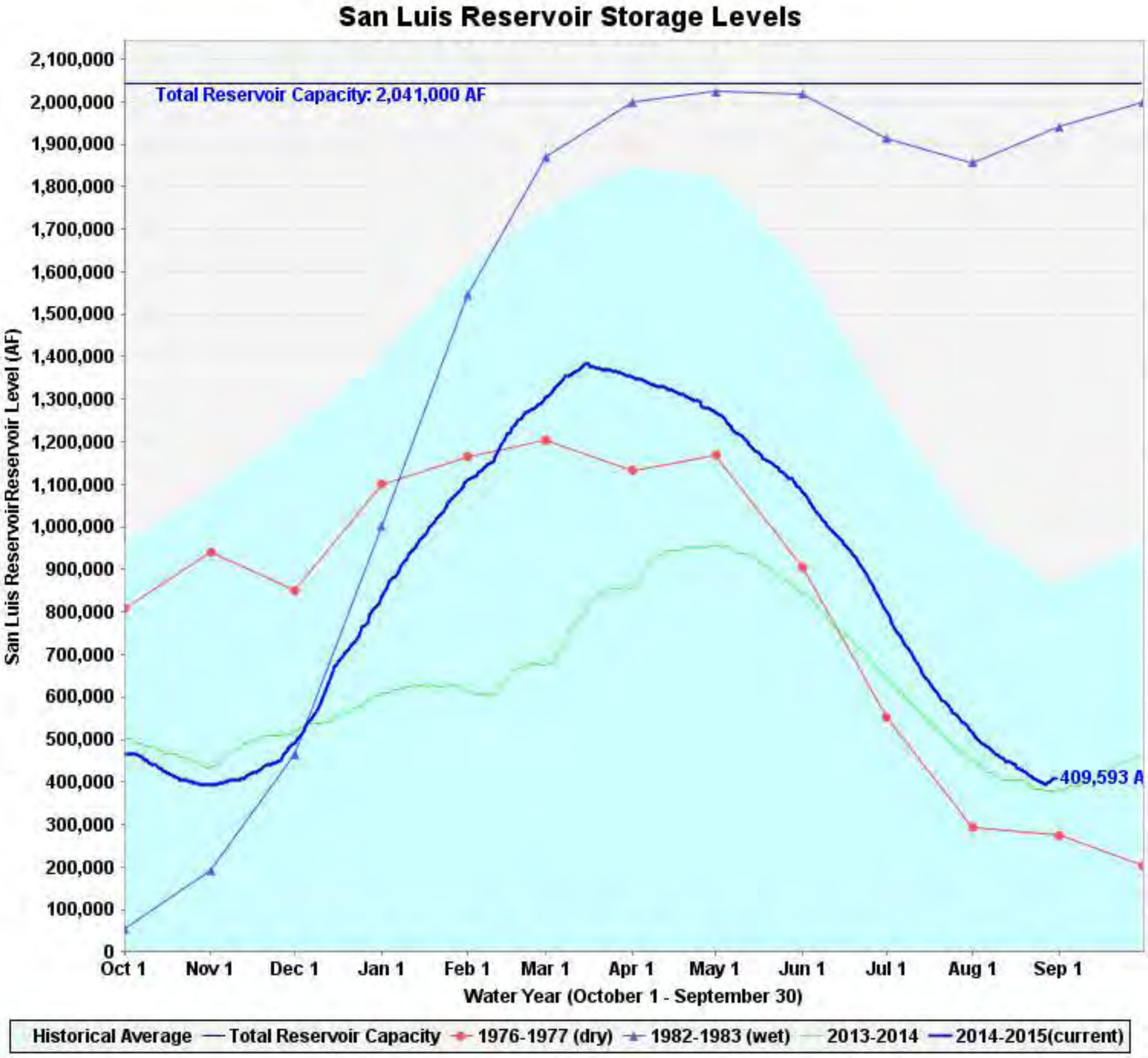
With limited snow pack this year and very little runoff, Lake Oroville levels have dipped and are slightly lower than at this time last year. However, Lake Oroville levels continue to be above the 1976-1977 critical dry year conditions (see Oroville graph, below). The current 1,072,116 AF of storage represents 30% of Lake Oroville's total capacity and approximately 47% of the historic average.

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



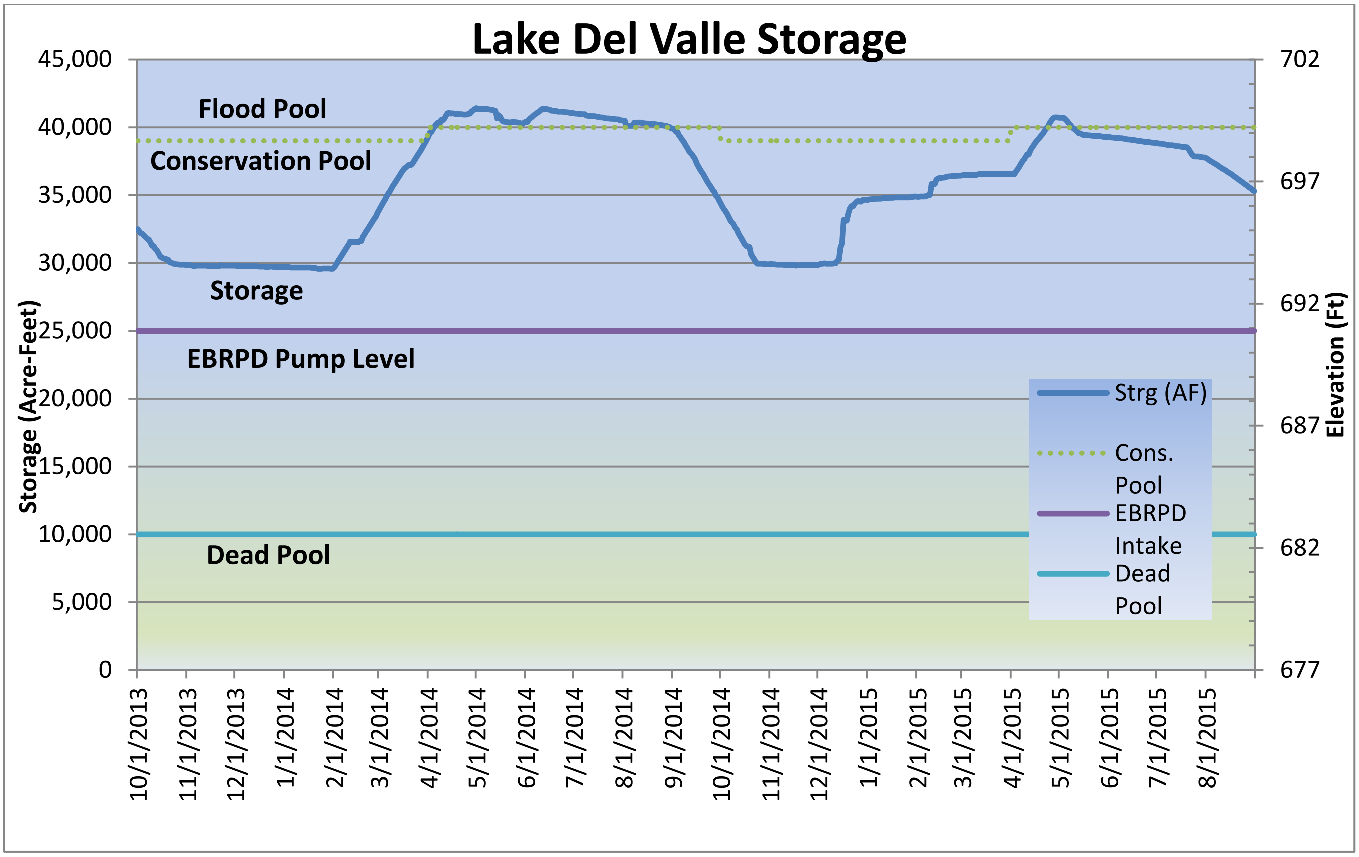
While Lake Oroville levels remain low, there was more storage during the summer season at San Luis Reservoir. However, San Luis Reservoir storage levels are just slightly higher at this time in Water Year 2014-2015 than Water Year 2013-2014 (see graph below). The current 409,503 AF of storage represents 20% of San Luis Reservoir's total capacity and approximately 48% of the historic average.

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

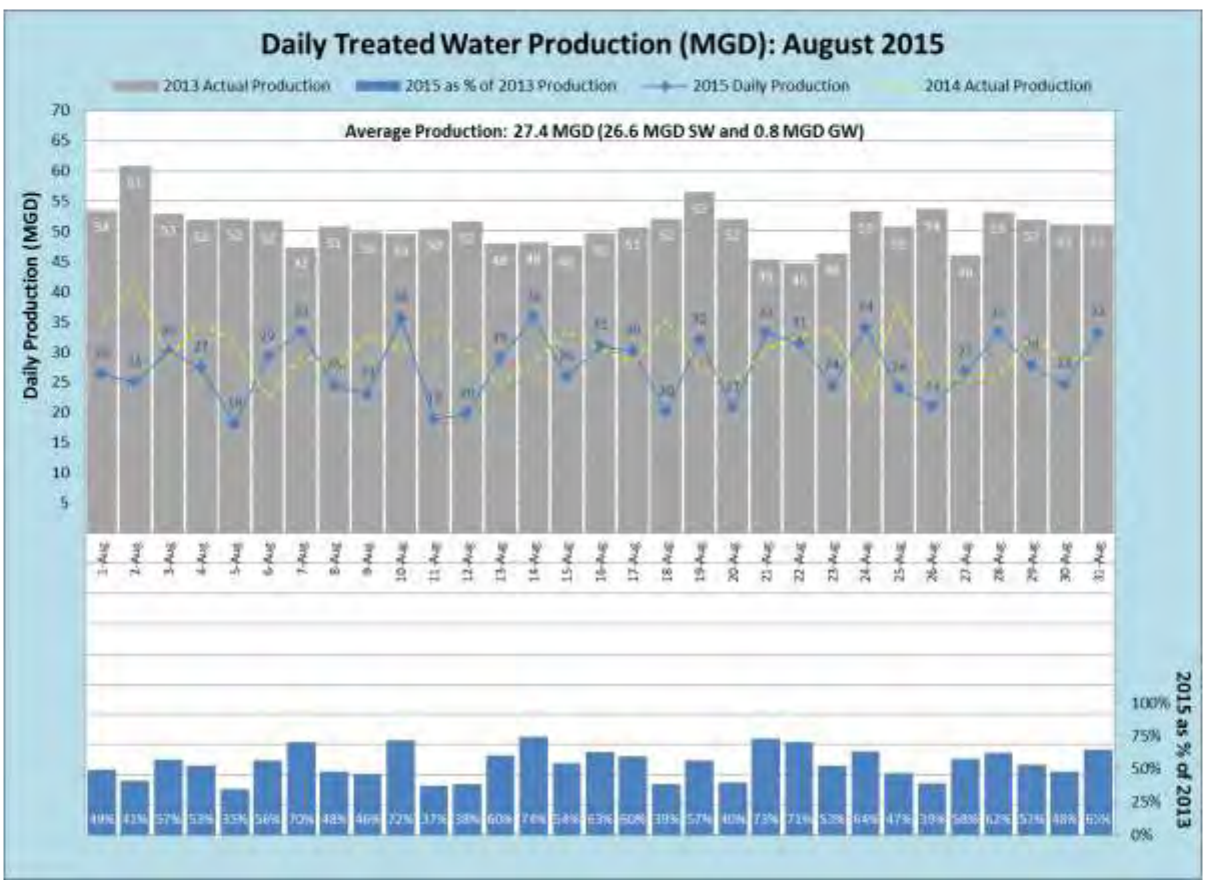


Local demands for treated water in August 2015 slightly decreased from 29 MGD in July to 27 MGD in August, which is significantly lower than the August 2013 demand of 51 MGD. Surface water made up 97% of the water supply in August. The Del Valle Water Treatment Plant and the Patterson Pass Water Treatment Plant together produced an average of 26.6 MGD with wells supplying 0.8 MGD for a total average production of 27.4 MGD.

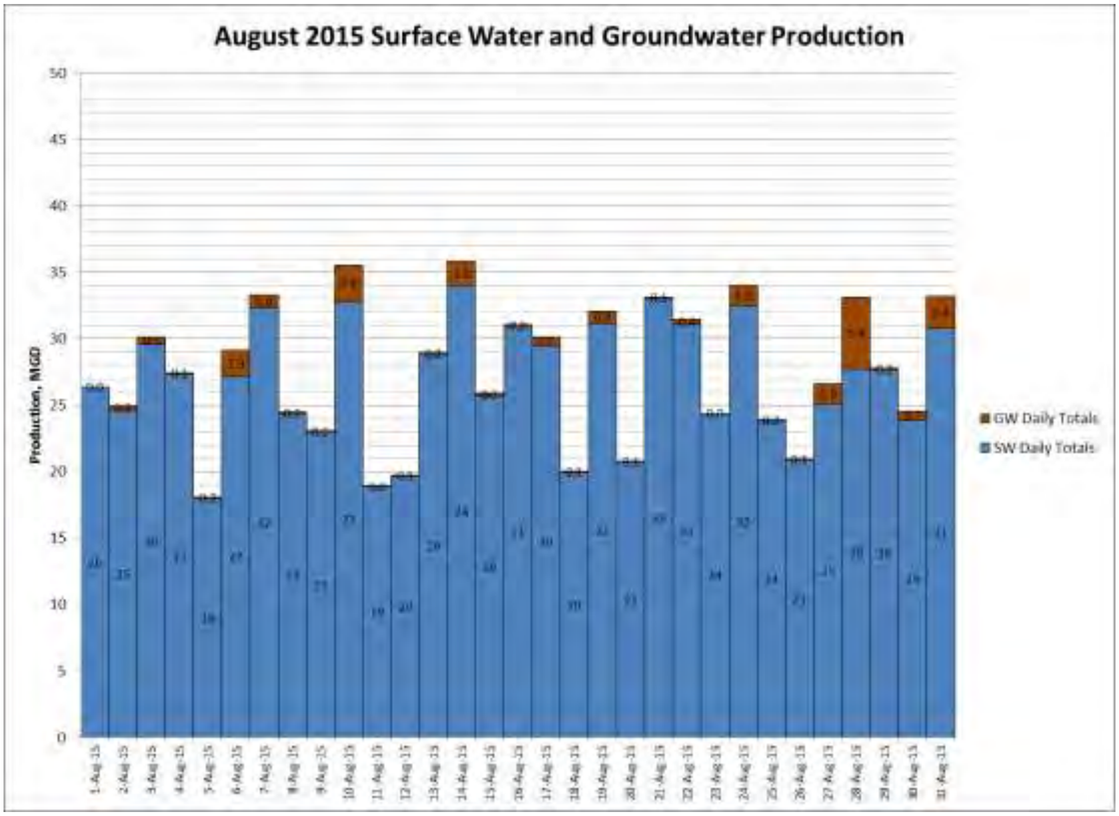
Lake Del Valle storage levels are shown in the graph below. In the winter months, lake elevations are lowered for flood control purposes to capture storm water runoff. In the summer months, lake elevations are raised for recreational purposes. The conservation pool (dotted line) designates the amount of water that can be stored for water supply purposes. Lake Del Valle's current water level has been dropping with releases to the South Bay Aqueduct. On August 31, the lake level in Del Valle was around 696 feet (35,300 AF), accounting for evaporative losses.



Lake Del Valle Storage
Flood Pool
Conservation Pool
Storage
EBRPD Pump Level
Dead Pool
Storage (Acre-Feet)
Elevation (Ft)
Strg (AF)
Cons. Pool
EBRPD Intake
Dead Pool



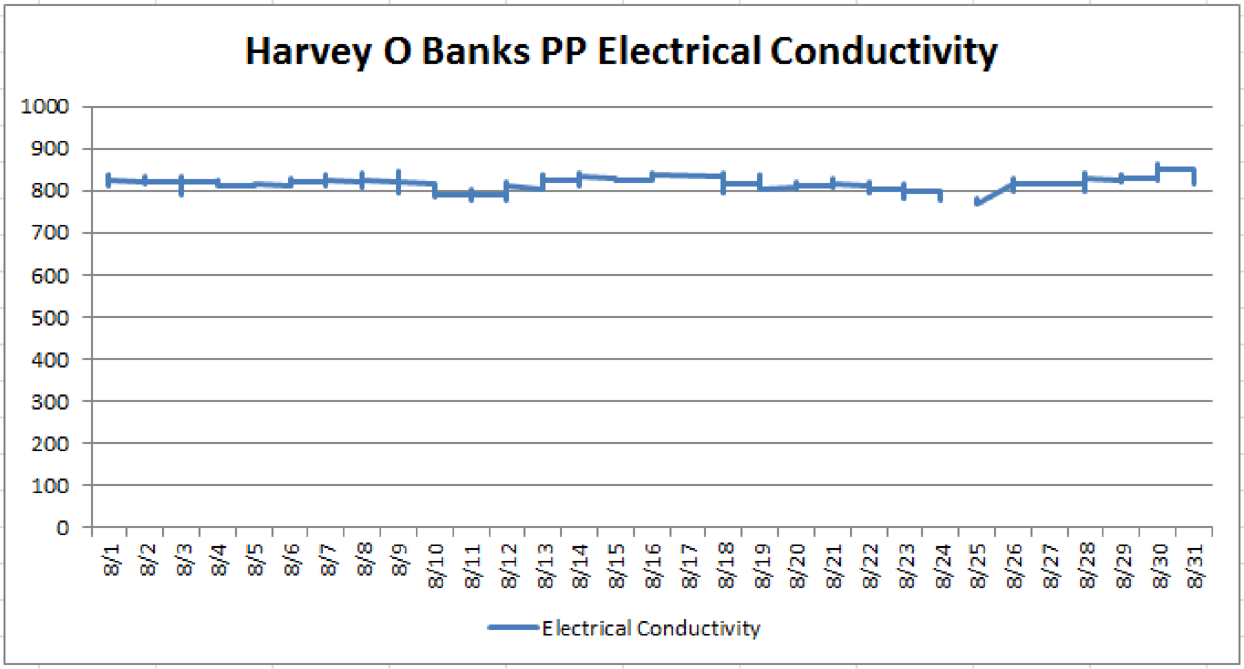
Daily Treated Water Production (MGD): August 2015
2013 Actual Production
2015 as % of 2013 Production
2015 Daily Production
2014 Actual Production
Average Production: 27.4 MGD (26.6 MGD SW and 0.8 MGD GW)
Daily Production (MGD)
2015 as % of 2013



Semitropic Water Storage District continues recovering water for 2015 and is planning on returning almost 13 TAF by December and an additional 600 AF in January 2016. Cawelo Water District recovery water deliveries are currently on hold since every acre-foot that is recovered by Zone 7 must be eventually replaced with two acre-feet.

Zone 7 continues to bolster regional water supply management tools by exploring various forms of water exchanges. Zone 7 continues to work with Contra Costa Water District on an exchange that would allow storage of up to 2,500 AF in Los Vaqueros Reservoir, located upstream of the Tri-Valley service area, in the fall. The first half of the exchange (storage of Zone 7 water in Los Vaqueros) is currently expected to start in early November. The exchange with Byron Bethany Irrigation District (BBID), in which Zone 7 would have provided up to 2,800 AF of local water to BBID during the remainder of this year's irrigation season, has been canceled because BBID determined that they no longer need the additional supply.

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



Based on the above data, in the month of August, raw water at Harvey O. Banks Pumping Plant has total dissolved solids (TDS) ranging around 445 to 501 mg/L and elevated bromide levels.

Higher Total Organic Carbon (TOC) levels continue to impact treatment at the plants requiring higher ferric chloride dosages and more pH adjustments. Ferric chloride dosages have been above 70 mg/L throughout August at DVWTP, in part to adjust pH while awaiting resolution of carbon dioxide contracting challenges. In the past, Zone 7 treatment plants have operated with ferric chloride dosages in the neighborhood of 25 mg/L.

Filter performance testing with a blend of coagulants continues at PPWTP in an effort to find a more optimum blend for water treatment with reduced sludge production. TTHM levels during the test are an ongoing challenge and mitigation measures included PAC and ferric chloride use. In August, TOC and bromide levels continued to be elevated. Zone 7 Operations has been using a coagulant blend of 25 mg/L aluminum chlorohydrate (ACH) and 20 to 25 mg/L ferric chloride which appears to be performing reasonably well in terms of plant filter run times and treated water quality.