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 21, 2011**

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

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

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

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

AGENDA

1. Call Meeting to Order
2. Pledge of Allegiance
3. Citizens Forum
   This is an opportunity for members of the audience to speak on an item not listed on the agenda. The Board cannot deliberate or take action on a non-agenda item unless it is an emergency as defined under Government Code Section 54954.2.
4. Minutes of the Regular Meeting of August 17 and Special Meeting of August 31, 2011
5. Consent Calendar
   a) Request by Director Quigley for Authorization to Attend September ACWA Board Meeting
   b) Bay Area Flood Protection Agencies Association (BAFPAA) Memorandum of Understanding
   c) Request for "Out-of-State" Travel and Associated Expense Reimbursement to Attend the AWWA Cal-Nevada Section Annual Fall Conference in Reno, Nevada
   d) Agreement with Vulcan Materials Company to Discharge Groundwater into Chain of Lakes
   e) Amendment 4 to Agreement for Dry Year Water Purchase Associated with Yuba Accord (A08-98-CAL)
   f) Request for "Out-of-State" Travel and Associated Expense Reimbursement to Attend the WaterSmart Innovations 2011 Conference in Las Vegas, Nevada
6. Staffing Update:
   a. Congratulations to Retiree
   b. New Employee Introduction
   c. Employee of the Month Recognition

7. Project Authorization for Groundwater/Salt Management Plan Updates and Approval of Amendment 1 to the Contract with HydroMetrics Water Resources, Inc.

Recommended action: Adopt resolution.

8. Preliminary Treated Water Rate for 2012

Recommended action: Continue to October 19, 2011 for adoption

9. Preliminary Untreated Water Rate for 2012

Recommended action: Continue to October 19, 2011 for adoption.

10. 2011 Municipal & Industrial Connection Fee Program Update

Recommended action: Information and Discussion.

11. Draft Fiscal Year 2012/13 Capital Improvement Program:
   - 10-Year Water System Plan
   - 5-Year Flood Protection Plan

Recommended action: Information and Discussion.

12. Committees – Minutes for Finance Committees, August 29 and September 13, 2011

13. Items for Future Agenda – Directors

14. Reports – Directors

   a. Written report by Director Quigley - none
   b. Verbal reports

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

   a. General Manager's Report
   b. Recent & Upcoming Public Outreach Activities
   c. Legislative Update
   d. Status Report on Separation Efforts
   e. Verbal Reports

16. CLOSED SESSION

   a) Conference with Legal Counsel--Existing Litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 1 case

      Solano County Water Agency, et al., v. State of California Department of Water Resources, et al.; Sacramento County Superior Court Case No. 34-2088-00016338CU-BC-GDS

b) 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.

17. Open Session and Report Out of Closed Session

18. Adjournment

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

    a) Regular Board Meeting: October 19, 2011, 7:00 p.m.

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

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

REGULAR MEETING

August 17, 2011

President Figuers called the regular meeting to order at 7:00 p.m. The following were present:

DIRECTORS:	SANDS FIGUERS JOHN GRECI AJ MACHAEVICH RICHARD QUIGLEY
DIRECTORS ABSENT:	DIRECTORS MOORE, PALMER, STEVENS
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE JUDY RECTOR, BOARD SECRETARY
COUNSEL:	REN NOSKY, DOWNEY BRAND

Item 3 - Citizens Forum – None.

Item 4 - Minutes of the Regular Meeting of July 20, 2011

On a motion by Director Greci with a second by Director Machaevich, the minutes of the Regular Meeting of July 20, 2011, were approved as presented by a voice vote of 4-0 with Directors Moore, Palmer and Stevens absent.

Item 5 - Consent Calendar

Director Quigley moved to approve Consent Items 5a through 5h and President Figuers seconded the motion. The resolutions were approved by a roll call vote of 4-0 with Directors Moore, Palmer and Stevens absent.

Resolution 11-4097* Approved Director Quigley's request to substitute at the off-site ACWA Board Meeting held in San Jacinto, California, for Region 5 board member, Vice-Chair Kathy Foulkes. (Item 5a)

*numbering error from July 20th Board meeting

Resolution 11-4101 Approved President Figuers casting the vote to concur with the Region 5 Nominating Committee's recommended slate including Director Dick Quigley's selection as Region 5 Vice Chair. (Item 5b)

Resolution 11-4102 Approved the addition of one unfunded Senior Engineer/Geologist position to supervise existing engineering projects and staff, and to allow the General Manager flexibility in optimizing efficient management of the Engineering Section. (Item 5c)

Resolution 11-4103 Approved the addition of one unfunded Associate Water Resources Planner to existing staff to allow the General Manager flexibility in cross-training, optimizing efficiency and succession planning within the Planner series. (Item 5d)

Resolution 11-4104 Approved requesting the Board of Supervisors to convey the Quitclaim Deed to Dublin San Ramon Services District. (Item 5e-1)

Resolution 11-4105 Approved the General Manager negotiating and approving the License Agreement with Dublin San Ramon Services District. (Item 5e-2)

Resolution 11-4106 Approved the General Manager negotiating and executing a professional services contract with ESA PWA for design services on the Arroyo Mocho – Stanley Reach Project for a not-to-exceed amount of $76,500. (Item 5f)

Resolution 11-4107 Approved the General Manager negotiating and the Board President executing an amended professional services contract with Downey Brand to provide continuing as-needed part-time General Counsel legal support services for the period beginning July 1, 2011. (Item 5g)

Resolution 11-4108 Approved the General Manager be authorized to accept a Quitclaim Deed from Legacy Pleasanton Land, LLC, and execute a certificate of acceptance causing the same to be recorded at the Office of the Recorder of Alameda County. (Item 5h)

Item 6 - Staffing Updates

Item 6 (a) - Congratulations to Retirees

President Figuers extended congratulations to retirees Jeanne France and Suzanne Alaksa.

1) General Manager Jill Duerig informed the Board that Jeanne France had worked for Zone 7 for about 25 years and was recently Employee of the Month. She is very active in her tribe and Native American activities and recently was on an exchange program with visitors from New Zealand. She kept us all in line regarding payroll and correcting timesheets

   On a motion by Director Quigley with a second by Director Greci, Resolution 11-4109 acknowledging, commending and thanking Ms. France was approved by a voice vote of 4-0 with Directors Moore, Palmer and Stevens absent.

2) General Manager Jill Duerig informed the Board that Suzanne H. Alaksa retired after 15 years of service with Zone 7 as an Engineer who did a lot of facility work. She was one of the first engineers to start doing the internal design work. She mentored some of the younger engineers who were less comfortable doing in-house designs and she actually did a lot of checks and provided support for them.

   On a motion by Director Quigley with a second by Director Greci, Resolution 11-4110 acknowledging, commending and thanking Ms. Alaksa was approved by a voice vote of 4-0 with Directors Moore, Palmer and Stevens absent.

Item 6 (b) - Employee of the Month Recognition

Mona Olmsted, Associate Civil Engineer, was chosen as the June 2011 Employee of the Month. Mona has worked in the Water Supply Engineering Section at North Canyons for the past nine years. According to the recommendation, she has a very positive and optimistic attitude, shows great initiative and takes on new assignments willingly and enthusiastically. Mona is described as a great team player and is always willing to help others while never complaining about other people or situations. She personifies the "Blue" attitude and has been recognized through the Employee of the Month program as an asset to Zone 7.

Item 7 - Award of Contract for the Santa Rita Pipeline Relocation Project – Project No. 212-11

Kurt Arends, Assistant General Manager, Engineering, stated that to accommodate the CalTrans Interstate Highway I-580 widening in Dublin for an HOV lane, Zone 7 was required to relocate about 700 feet of the Santa Rita pipeline. This is a distribution pipeline with one turnout. It was moved out of CalTrans' way onto two County surplus properties. Zone 7 is putting in a larger section just in case there is ever a need for future development. It is categorically exempt under CEQA.

There were nine bidders on this project. The low bid was Platinum Pipeline, Inc. with a bid of $346,350; the highest bid was $440,000. Mr. Arends recommended approval of the project and award of the contract to Platinum Pipeline along with approval of change orders. He noted that John Koltz, Senior Engineer, was present and has been managing this project with CalTrans and other agencies.

Director Quigley moved and Director Machaevich seconded the motion. Resolution 11-4111 to accept the bid and award the contract to Platinum Pipeline, Inc., and authorize the General Manager to issue change orders when required for an amount not-to-exceed $34,635, was approved by a vote of 4-0 with Directors Moore, Palmer and Stevens absent.

Item 8 – Committees – None.

Item 9 - Items for Future Agendas – Directors – None.

Item 10 - Reports - Directors

a. Written report by Director Quigley

Director Quigley noted that he made an error in his written comments regarding his trip to the Diamond Valley Lake. He put in his notes that it would hold 175,000 acre feet but the number should be 810,000 acre feet; it is a huge new reservoir. It almost doubles Southern California water surface storage, helps secure six months of emergency water southwest of the San Andreas fault, and it reduces the threat of water shortages during drought and periods of peak summer use. The water source is through a feeder and a tunnel through the California Aqueduct and delivered through the San Diego canal. Lake Del Valle has 16 miles of shoreline; this lake has 26 miles of shoreline. It produces a lot of hydro power and was constructed in a short time.

Director Quigley also participated in an ACWA Energy Committee meeting by phone on August 16th. Governor Brown has a 12,000 megawatt goal state-wide for improved power. There are some coalitions who have formed to help and there are likely to be incentives for contractors soon like PG&E, SoCal Edison and San Diego Gas.

b. Verbal reports

Item 11 – Staff Reports (Information items.)

a. Update Related to the Bay Delta Conservation Plan
b. General Manager's Report
c. Recent & Upcoming Public Outreach Activities
d. Legislative Update
e. Status Report on Separation Efforts
f. Verbal Reports

General Manager Jill Duerig added a verbal report concerning a letter from ACWA asking for nominations for the new two-year assignments to various ACWA committees. In the past President Figuers was involved in Groundwater and Director Quigley in Local Government and Energy. The Committees include: Communications, Energy, Federal Affairs, State Legislature, Local Government, Groundwater, Finance, Insurance and Personnel, Legal Affairs, Water Management and Water Quality. Some are "closed committees" where they have a limited number of people they accept from each Region and it is very competitive – an example is the State Legislature Committee; others are fairly open – the Water Quality and Groundwater Committees are not limited on the number of members so they welcome additional people. Ms. Duerig asked that Board Members let her know of any Committees they are interested in participating in so she can file the nomination papers. Most Committees have three to four meetings per year, usually at the Spring and Fall Conference, and then in between.

Randy Werner, City of Livermore, questioned a paragraph in the General Manager's Report:

- The California Department of Water Resources (DWR) is currently estimating that overall costs to Zone 7 for State Project water will increase $5.5 million in 2012 over the 2011 charges, based on increases for the South Bay Aqueduct (SBA) project, as well as an increased transportation minimum.

Mr. Werner asked if the $5.5 million is a one-time only charge or an ongoing cost?

General Manager Jill Duerig responded that the Department of Water Resources provides estimates to the State Water Contractors every year; they give us a projection each year on what they are going to charge Zone 7 for the following year but don't always provide a lot of detail. They break it down and say what each contractor will have to pay; for instance, portions of our share's increase are due to a capitalized project, the South Bay pipeline failure and the repairs that were performed subsequently, so there will be an additional amount charged to Zone 7 that will be ongoing. There are also increased transportation minimums which are sometimes related to energy and other things.

John Yue, Assistant General Manager, Finance, added that we get DWR's statement of charges every mid-July and it goes up and down. For 2012 their statement of charges budget went up.

Ms. Duerig further added that those charges will be revised several more times before they are finalized.

President Figuers announced that the Closed Session was cancelled and adjourned the meeting at 7:20 p.m.

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

SPECIAL MEETING/BOARD WORKSHOP
August 31, 2011

Vice-President Palmer called the workshop to order at 8:45 a.m., in the Vintage Room, Hilton Garden Inn, 2801 Constitution Drive, Livermore, California. The following were present:

DIRECTORS:

SANDY FIGUERS (arrived at 11:30 a.m.)
JOHN GRECI
A J MACHAEVICH
CHRIS MOORE
SARAH PALMER
DICK QUIGLEY
WILLIAM STEVENS

ZONE 7 STAFF:

JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE
TOM HUGHES, ASSISTANT GENERAL MANAGER, EMPLOYEE SERVICES
REN NOSKY, GENERAL COUNSEL
JUDY RECTOR, EXECUTIVE ASSISTANT

MANAGEMENT ADVISORY TEAM (MAT):

COLTER ANDERSEN, OPERATIONS SUPERVISOR
TAMARA BAPTISTA, FINANCIAL & SYSTEMS SERVICES MANAGER
JARNAIL CHAHAL, ENGINEERING MANAGER
GERALD DEWITT, MAINTENANCE MANAGER
BARRY IVY, FACILITIES MAINTENANCE & CONSTRUCTION SUPERVISOR
MATT KATEN, PRINCIPAL ENGINEER/GEOLOGIST
GINGER STATON, HUMAN RESOURCES ANALYST II

STAFF ADVISORY TEAM (SAT):

CAROLINE ABRAM, WATER PLANT OPERATOR
ANTHONY CHOI, ACCOUNT CLERK
JOEL LARSON, INSTRUMENT TECH
DAN MOY, SAFETY TECHNICIAN
JESSE SANCHEZ, MAINTENANCE COORDINATOR
LINDA VAN BUSKIRK, ADMINISTRATIVE ASSISTANT
BRANDON WOODS, WATER RESOURCES TECHNICIAN II
PONY YIM, WATER QUALITY CHEMIST
PAUL ZULLO, WATER PLANT OPERATOR

<u>Item 2—Citizens Forum</u> -- No public comments.

<u>Item 3—Board Workshop</u>

<u>Morning Session with Management and Staff Advisory Teams:</u>

Training and Discussion on Culture and Mission Statement

Kurt Arends, Assistant General Manager, Engineering, introduced Ginger Staton who led the group in an ice-breaking introductory exercise.

When the exercise was completed, Mr. Arends introduced Training Consultant Brett Ives. Mr. Ives reviewed strategic planning topics including goals, values, core values, and a collective future view.

Mr. Arends noted that the Strategic Planning Committee wants to meet individually with the Board members to get a "roadmap" of where we are going so they can give the Board what they need.

Mr. Ives finished his training session by asking participants "what would you like to be able to say about Zone 7 in five years?" Kurt Arends and the Joint MAT/SAT Strategic Planning Committee facilitated the roundtable discussion and collected comments from those present.

Carol Mahoney, Acting Senior Geologist, Integrated Planning, responded that she would like to see in five years that Zone 7 would be able to say we have a good relationship with our local regulatory agencies and cities with respect to flood protection.

Director Bill Stevens said in five years he wants to see:

- No debit financing
- Reversing salt imbalance
- Zone 7 has taken control of flood control channels
- More Chain of Lakes
- Asset Management Plan is functional and "do-able" – in place and working
- Additional water supplies
- Water rates the lowest possible in this economy despite the political aspect of raising rates
- Maintain relationships with staff
- Zone 7 totally separated (from County), independent and in control of its destiny
- Have goals for grants in five years, i.e., grant for water treatment plant
- Use consultants less and have an in-house goal to provide services consultants did because in-house staff has proven that they can do it equal to or better than consultants
- Stretch goals – keep the "blue culture" in mind for every goal
- Functional SCADA
- Good emergency communication system
- Septic system approval by Zone 7, not Alameda County
- Drilling permit process not so cumbersome to protect groundwater

Director Chris Moore stated the following:

- Retailers say they do not want customers paying for things now that they will not see built until the future; they repeatedly suggest debt financing so that you can build things now when interest rates are cheap. He would also like to see relationships with regulators such as Fish & Game and Fish & Wildlife continue to improve.

Director AJ Machaevich said he wants to see:

- A continuation of water quality improvements
- Enhanced groundwater recharging
- Delta infrastructure fix
- Planned preventative maintenance – make sure things are working now and what to plan for in terms of maintenance in five years.

Barry Ivy, Facilities Maintenance and Construction Supervisor, wants to see a continued operation of water supply.

Jarnail Chahal, Engineering Manager, would like to see a review of existing infrastructure to identify opportunities for improvement projects that would increase efficiency.

Director John Greci said in five years he wants to see:

- Address the Zone 7 Mission Statement goals whether you have money or not.
- Be able to afford catastrophes.
- Maintain reliability.
- Brainstorm for random thoughts and innovative, proactive ideas.
- He asked staff not to be afraid to bring ideas to the Board's attention.

Director Richard Quigley added:

- Since water is the core of Zone 7 business, he wants a clear 100 percent understanding of what watershed is.
- Keep it Simple (KIS) motto acknowledged and used.

Pony Yim, Water Quality Chemist, noted the water quality issue and asked the Board to give direction, i.e., City of Pleasanton water quality issues where some are seasonal. Talk about taste and odor issues.

Gerald DeWitt, Maintenance Manager, suggested brainstorming a list of 12 opportunities regarding how to best collaborate with retailers such as offering contract lab services, etc.

President Sandy Figuers stated he hopes in five years Zone 7 is as good as it is today because we do not have any fundamental complaints about our product. He also asked if there is anything that Zone 7 is not actively addressing and working on.

Mr. Arends thanked everyone for their thoughts and said that the Joint MAT/SAT Strategic Planning Committee would use these as a starting point to review the Strategic Plan and get back to the board with more questions and suggestions regarding possible updates to the Strategic Planning Priorities.

After a lunch break, President Figuers reconvened the meeting and the members of the Management Advisory Team and Staff Advisory Team were excused.

Afternoon Session:

Status Update and Discussion on Separation

After a discussion on Zone 7's separation from Alameda County and the transition issues, the Board of Directors directed the General Manager to follow a dual path approach through legislation and the Local Agency Formation Commission (LAFCO) and gave further direction to the General Manager to pursue a lobbying effort to begin crafting legislation tailor-made for a future Zone 7, similar to the Santa Clara Valley Water District legislation, with a goal of introducing it in January 2013.

The meeting was adjourned at 2:15 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: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: September 21, 2011 ITEM NO. 5a

SUBJECT: REQUEST BY DIRECTOR QUIGLEY FOR AUTHORIZATION TO ATTEND SEPTEMBER ACWA BOARD MEETING

SUMMARY:

- Director Dick Quigley was asked to substitute at the off-site ACWA Board Meeting to be held in Chico, California, for his fellow Region 5 board member, Vice-Chair Katy Foulkes, when she had to cancel again for personal reasons.
- The offsite ACWA Board of Directors' meeting and tour will be hosted by ACWA Board Member Eric Larrabee and Region 2 representatives and will include an informational program and tour of Northern California water and farming operations.
- Zone 7's current board policy is to allow directors to attend one ACWA conference per year without seeking approval from the Board for reimbursement of travel and registration expenses. If directors wish to attend additional seminars or conferences, Board authorization must be obtained. However the Zone 7 Board has already approved Director Quigley's participation on the Region 5 Board, along with attending any meetings which such participation entails. This meeting does not strictly fall within any of the previous approvals; however attendance is in keeping with Director Quigley's role on the Region 5 Board.

FINANCIAL:

Although there are no registration costs, there will be miscellaneous expenses associated with attendance, i.e., airfare, hotels, mileage and meals. Total miscellaneous expenditures are estimated at under $750. Funds are available from Fund 52-Water Enterprise.

RECOMMEND ACTION:

Approve Director Quigley's request by adopting attached resolution.

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

WHEREAS, Director Dick Quigley was asked to substitute at the off-site ACWA Board Meeting to be held in Chico, California, for his fellow Region 5 board member, Vice-Chair Katy Foulkes, when she had to cancel for personal reasons; and

WHEREAS, Director Quigley has expressed an interest in attending this meeting;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control & Water Conservation District does hereby authorize Director Dick Quigley's attendance at said meeting;

BE IT FURTHER RESOLVED that Director Quigley be reimbursed for actual and necessary expenses associated with his attendance at this event.

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 21, 2011

By ____
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: INTEGRATED PLANNING
CONTACT: CAROL MAHONEY

AGENDA DATE: September 21, 2011 ITEM NO. 5b

SUBJECT: Bay Area Flood Protection Agencies Association (BAFPAA) Memorandum of Understanding

SUMMARY:

- The Bay Area Flood Protection Agencies Association (BAFPAA) was formed as a result of the Bay Area Integrated Regional Water Management Plan (IRWMP) efforts. Flood agencies participating in IRWMP wanted to have a more organized and stronger presence throughout the implementation of the IRWMP.
- The Board authorized the General Manager to sign the Charter for BAFPAA in May 2007, per Resolution #: 07-3018.
- BAFPAA has provided information on relevant flood protection issues in the intervening years and has grown into a successful Bay-area wide organization. The organization holds monthly meetings and semi-annual conferences on flood protection topics.
- The Memorandum of Understanding (MOU) is for the purpose of defining the roles and responsibilities of each of the participating entities in establishing, maintaining, and utilizing an expenditure account.
- Zone 7 benefits by BAFPAA membership through education, networking, discussing permitting concerns, as well as information-sharing on Federal and State issues impacting flood protection practices and legislation. BAFPAA acts as a regional voice for regulatory issues that face flood protection agencies.
- Annual dues for Zone 7, a medium sized flood organization by Bay Area standards, to BAFPAA are estimated to be $3,000. Through Resolution # 08-3125, the Board authorized the General Manager to partner with BAFPAA, and other similar organizations, on “matters of mutual interest” in an amount not-to-exceed $25,000.
- Staff recommends the continued participation in BAFPAA, and subsequently IRWMP, for regional coordination/collaboration and the opportunity to participate in multi-agency projects/studies/grants that further flood protection goals.

FUNDING:

Fund 50 (83%) and Fund 76 (17%).

RECOMMENDED ACTION:

Adopt the attached resolution authorizing the General Manager to execute the Memorandum of Understanding and affirm Zone 7’s participation in BAFPAA and financial contributions for annual dues, projects, studies, and/or grants for amounts not-to-exceed $25,000.

ATTACHMENTS:

- Memorandum of Understanding
- Resolution

Memorandum of Understanding
for the
Bay Area Flood Protection Agencies Association

September 2011

1. Recitals

Whereas, the Bay Area Flood Protection Agencies Association (Association) was established to coordinate and provide mutual support in planning and implementing flood protection services amongst the flood protection agencies in the Bay Area; and

Whereas, the Association also provides a unified voice for Bay Area Flood Protection Agencies in developing and implementing regional plans and working with other regional agencies at the State and Federal level and participates in the Integrated Regional Water Management Planning efforts in the Bay Area to integrate projects and programs across all functional service areas; and

Whereas, the Association members desire to establish an expenditure account to pay for or procure agreed-upon services or supplies; and

Whereas, this Memorandum of Understanding (MOU) is undertaken for the purpose of defining the roles and responsibilities of each of these entities in establishing, maintaining and utilizing an expenditure account (Association Account).

2. Parties and Effective Date

Effective as specified in Paragraph 8 below, this Memorandum of Understanding is entered into by and between the following Member Agencies:

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district (ACFCWCD);

ZONE 7 OF ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a zone formed by a California special district (Zone 7);

CONTRA COSTA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district, (CCCFCWCD);

MARIN COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district, (MCFCWCD);

NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district, (NCFCWCD);

SAN MATEO COUNTY FLOOD CONTROL DISTRICT, a California special district, (SMCFCD);

CITY AND COUNTY OF SAN FRANCISCO, a California chartered city and county;

SANTA CLARA VALLEY WATER DISTRICT, a California special district, (SCVWD);

SOLANO COUNTY WATER AGENCY, a California special district, (SOLCWA); and

SONOMA COUNTY WATER AGENCY, a California special district, (SCWA).

3. Association Account and Role of Treasurer Agency

The Member Agencies agree to the following provisions to establish and maintain an expenditure account:

a. Association Account – The Association hereby establishes an expenditure account (Association Account) in which the Member Agencies will place funds for the sole purpose of paying for activities that the Association deems appropriate.

b. Account Amount – The maximum amount in the Association Account will be determined, as necessary, by a unanimous vote of the Member Agencies, as warranted by the planned expenses in the near future.

c. Account Deposits

1. At the beginning of each calendar year, the Association, by a unanimous vote of Member Agencies, will identify the anticipated activities for the year that the Association will fund and the Association Account balance needed to pay for those activities. This information will be made available for Member Agencies to set their annual budget (Fiscal Year beginning July 1). At any time during the year, the Association, by unanimous vote of Member Agencies, may identify a need for an increase in the Association Account balance to respond to required or desired needs.

2. The Treasurer Agency may accept funds from any Member Agency. The Treasurer Agency may also accept funds from an entity that is not a Member Agency, provided the Association agrees by unanimous vote of Member Agencies.

3. Whenever the Association approves an Association Account balance or an increase, each Member Agency shall forward its pro rata share to the Treasurer

Agency within thirty days of such approval.

4. Notwithstanding the above provisions, a Member Agency may elect in advance to not contribute to funding the Association Account, in which case the Member Agency will not be entitled to vote on matters affecting the Association Account or activities funded from the Association Account.

d. Treasurer Agency – Any Member Agency may act as the Treasurer Agency, which shall have the duty to invoice, collect, and otherwise manage and maintain the Association Account.

e. Treasurer Agency Duties

1. The Treasurer Agency shall collect, be the depository of, and have custody of, all Association Account funds from whatever source.

2. The Treasurer Agency shall be accountable for all funds and for reporting all receipts and disbursements.

3. The Treasurer Agency shall perform all duties required to be performed by an auditor.

4. The Treasurer Agency agrees to hold the Association Account funds in one or more separate, interest-bearing accounts.

5. Except as otherwise provided in Subsection e.6 (grant or subgroup funds), the costs to the Treasurer Agency to maintain, monitor and report on the Association Account will be covered by the Treasurer Agency.

6. If the Treasurer Agency is holding funds from a grant to the whole Association or is holding funds for a subgroup of Member Agencies, which funds are from a grant or are for a project or program for the benefit of the subgroup, then the costs to the Treasurer Agency to maintain, monitor, and report on those grant or project/program funds will be paid to the Treasurer Agency directly from the grant or project/program funds.

7. The Treasurer Agency may return all funds to the Member Agencies pro rata if the balance of the Association Account is less than $500.

f. Expenditure Approval – Any disbursement of Association funds from the Association Account by the Treasurer Agency must be approved by a unanimous vote of Member Agencies.

g. Regional Expenditure Activities – Expenditures from the Association Account should be for activities of a regional nature that will benefit all Member Agencies, except as otherwise provided in Subsection h (Subgroup Expenditure Activities).

h. Subgroup Expenditure Activities - A subgroup of Member Agencies may want to utilize the Association Account as a means to facilitate funding activities that only benefit a subgroup of Member Agencies. All costs associated with these subgroup activities, including the Treasurer Agency's administrative costs, will be funded by the subgroup. The subgroup must first submit a written proposal and proposed terms for use of the Association Account for any subgroup purpose. A unanimous vote of the Member Agencies is required to approve this type of use of the Association Account.

i. Account Reporting – The Treasurer Agency will report on the Association Account balance, expenditures, encumbrances, and accounts receivable once a quarter at a regularly-scheduled Association meeting.

j. Association Duties - Once each year, or more often if needed, the Association shall designate one of the Member Agencies to be the Treasurer Agency. This designation shall require unanimous approval of the Member Agencies. Member Agencies shall hold the Treasurer Agency harmless from all claims and liability arising from the reasonable performance of its duties in accordance with generally-accepted governmental procedures and accounting practices.

4. Voting

Voting on matters related to the Association Account shall be conducted in accordance with the Association's Rules of Governance, with each Member Agency entitled to one vote, except as provided otherwise in Section 3.c.4 (non-contributing Member Agencies).

5. Amendments

This MOU may be amended only with the written approval of all Member Agencies. Any Member Agency may propose amendments that it considers desirable or necessary.

6. Limitations

Performance under this MOU is subject to the availability of resources to the parties to this MOU for the described purposes, and is subject to revised administrative and personnel policies, which may affect the terms of this MOU. Each party shall assume full control and sole responsibility only for its respective personnel and activities incident to the performance of this MOU consistent with its law(s).

7. Incurring Debt

Except as authorized by unanimous vote of the Member Agencies under Section 3.f (Expenditure Approval) or Section 3.h (Subgroup Expenditure Activities), neither the Association nor the Treasurer Agency shall have the power to incur debt or enter into contracts on behalf of the Association, any Member Agency, or any subgroup of Member Agencies.

8. Exercise of Power

The powers to be exercised under this MOU shall be subject to those restrictions upon the manner of exercising powers that pertain to the Member Agency then serving as Treasurer Agency in accordance with Paragraph 3.

9. Term

This MOU becomes effective upon full execution by all parties and expires at the end of 25 years after full execution.

10. Withdrawal

Any Member Agency may withdraw from this MOU or the Association upon 90 days' written notice to the Association, notice to begin with the date of mailing. Withdrawal of a Member Agency shall comply with Section 8 of the Association's Rules of Governance. A withdrawing Member Agency shall remain responsible for funding its pro rata share of any contracts, expenditures, or activities previously approved by the withdrawing Member Agency, except to the extent such previously-approved contracts, expenditures, or activities can be legally terminated or amended without adversely affecting the remaining Member Agencies.

11. Termination

Termination of this MOU shall require written approval of all Member Agencies. Upon termination, any surplus money on hand or property acquired with collected funds shall be divided and distributed to the Member Agencies in accordance with the formula for collection of funds that is in place at the time of termination. Termination of this MOU will not affect the Association's Charter or Rules of Governance, which shall continue in effect until terminated by all Member Agencies.

12. Miscellaneous Provisions

a. Compliance: All Member Agencies will comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments.

b. Waiver: The waiver by any Member Agency of a breach of any provision of this Agreement shall not be deemed a continuing waiver of any subsequent breach of that or any other provision of this Agreement. The Member Agencies' waiver of any term, condition or covenant, or breach of any term, condition or covenant shall not be construed as a waiver of any other term, condition of covenant or breach of any other term, condition or covenant.

c. Integration: This Agreement, including all exhibits attached hereto, represents the entire understanding of the Member Agencies as to those matters contained herein. No prior oral or written understanding, promises, negotiations or representations shall be of any force or effect with respect to those matters covered hereunder. This Agreement may only be amended by written unanimous agreement by all Member Agencies.

d. Severability: If any term, condition, covenant or provision of this Agreement, or the application thereof, to any person or circumstance, is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect and shall be valid and binding on the Member Agencies.

e. Third Parties: This Agreement is entered into only for the benefit of the Member Agencies executing this Agreement and not for the benefit of any other individual, entity, or person.

RMA:lz:mb
G:\fldctl\BAFPAA\MOU\BAFPAA MOU 08-24-11 (final).doc

APPROVED AS TO FORM:
Richard R. Karlsson,
Interim County Counsel

By: ________________________________

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district

By: ________________________________
Chair, Board of Supervisors

ATTEST: Clerk of the Board of Supervisors

By: ________________________________

APPROVED AS TO FORM:
County Counsel

By: ________________________________

ZONE 7 OF ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a zone formed by a California special district

By: ________________________________
Chair, Board of Directors

ATTEST: Clerk of the Board of Directors

By: ________________________________

APPROVED AS TO FORM:
Sharon L. Anderson, County Counsel

By: ________________________________
David F. Schmidt, Deputy County Counsel

CONTRA COSTA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district

By: ________________________________
Chair, Board of Supervisors

ATTEST: David Twa, Clerk of the Board of Supervisors and County Administrator

By: ________________________________

APPROVED AS TO FORM:
County Counsel

By: ________________________________

MARIN COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district

By: ________________________________
Chair, Board of Supervisors

ATTEST: Clerk of the Board of Supervisors

By: ________________________________

APPROVED AS TO FORM:
County Counsel

By: ________________________________

NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a California special district

By: ________________________________
Jill Techel, Chair, Board of Directors

ATTEST: Clerk of the Board of Directors

By: ________________________________

APPROVED AS TO FORM:
County Counsel

By: ________________________________

SAN MATEO COUNTY FLOOD CONTROL DISTRICT, a California special district

By: ________________________________
President, Board of Supervisors

ATTEST: Clerk of the Board of Supervisors

By: ________________________________

APPROVED AS TO FORM:
City Attorney

By: ________________________________

CITY AND COUNTY OF SAN FRANCISCO, a California chartered city and county

By: ________________________________
Chair, Board of Supervisors

ATTEST: Clerk of the Board of Supervisors

By: ________________________________

APPROVED AS TO FORM:
District Counsel

By: ________________________________

SANTA CLARA VALLEY WATER DISTRICT, a California special district

By: ________________________________
General Manager

APPROVED AS TO FORM:
Agency Counsel

By: ________________________________

SOLANO COUNTY WATER AGENCY, a
California special district

By: ________________________________
Chair, Board of Directors

ATTEST: Secretary

By: ________________________________

APPROVED AS TO FORM:
County Counsel

By: ________________________________

SONOMA COUNTY WATER AGENCY, a
California special district

By: ________________________________
Chair, Board of Directors

ATTEST: Clerk of the Board of Directors

By: ________________________________

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

WHEREAS, a Charter was signed by Zone 7 and other flood protection agencies in May 2007, representing a collaborative effort to coordinate mutual support in the planning and implementation of flood protection; and

WHEREAS, the Bay Area Flood Protection Agencies Association is recognized as a leader in regional flood protection management and Integrated Regional Water Management; and

WHEREAS, this Memorandum of Understanding (MOU) is undertaken for the purpose of defining the roles and responsibilities of each of the participating entities in establishing, maintaining and utilizing an expenditure account; and

WHEREAS, there are benefits to signing the MOU, including increased agency influence through a unified voice, training and education opportunities, technical support, IRWMP representation, cost-saving opportunities in area of planning, operation, and maintenance, and mutual aid; and

WHEREAS, Bay Area Flood Protection Agencies Association annual membership dues are based on a calculation of population served and annual revenue, which classifies Zone 7 in a medium category with an estimated cost of $3,000, which includes Functional Area fees for IRWMP.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to enter into an agreement with the Bay Area Flood Protection Agencies Association (BAFPAA) by signing the Memorandum of Understanding and affirming Zone 7's commitment to participate in annual dues, projects, studies, and/or grants for amounts not-to-exceed $25,000.

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 21, 2011______________________________

By ____
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: OPERATIONS
CONTACT: Kurt Arends

AGENDA DATE: September 21, 2011 ITEM NO. 5c

SUBJECT: Request for "Out-of-State" Travel and Associated Expense Reimbursement to Attend the AWWA Cal-Nevada Section Annual Fall Conference in Reno, Nevada

SUMMARY:

- Out-of-state travel authorization is requested for Water Treatment Plant Operators John Gonzales and Paul Zullo, to attend the 2011 Fall AWWA Conference.

- The California-Nevada Section - American Water Works Association (AWWA) 2011 Fall Conference is being held on October 17-20, 2011 in Reno, Nevada. The 2011 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 climate change, water conservation, water quality, and revenue impacts.

FUNDING:

For two staff members, the Conference costs include $1,010 in registration fees plus travel, lodging, and miscellaneous expenses for a total of approximately $3,000. Funds are budgeted in the Water Enterprise Fund (52).

RECOMMENDED ACTION:

Adopt attached Resolution approving the reimbursement of actual and necessary expenses associated with John Gonzales and Paul Zullo's attendance at AWWA 2011 Fall Conference in Reno, 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 California-Nevada Section - American Water Works Association (AWWA) 2011 Fall Conference in Reno, Nevada

WHEREAS, John Gonzales and Paul Zullo request to attend the 2011 Fall Conference of the California-Nevada Section of American Water Works Association (AWWA) in Reno, Nevada, from October 17 through October 20, 2011;

NOW, THEREFORE, BE IT RESOLVED that out-of-state travel to attend the 2011 Fall Conference of the California-Nevada Section of American Water Works Association (AWWA) in Reno, Nevada, from October 17 through October 20, 2011, is hereby approved, and reimbursements of actual and necessary expenses associated with the attendance of John Gonzales and Paul Zullo at the 2011 Fall Conference are 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 Alameda County Flood Control and Water Conservation District on

September 21, 2011

By ______________________________
President, Board of Directors

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

ORIGINATING SECTION: Groundwater Section
CONTACT: Matt Katen/Colleen Winey

AGENDA DATE: September 21, 2011 ITEM NO. 5d

SUBJECT: Agreement with Vulcan Materials Company to Discharge Groundwater into the Chain-of-Lakes.

SUMMARY:

- Vulcan Materials Company (Vulcan) currently pumps and then discharges groundwater generated as part of their gravel mining and processing operations to the Arroyo Mocho under a National Pollutant Discharge Elimination System (NPDES) permit. The amount of water Vulcan discharges varies based on Vulcan's operations, but the permit allows for discharge of up to 9.75 million gallons per day (mgd).
- A small amount of the discharged water percolates back into the groundwater basin along the channel bottom, but the majority of the discharged water flows out of the basin. Over the last two years, nearly 1,140 million gallons have been lost due to Vulcan's discharges.
- Facilitating storage and re-percolation of Vulcan's discharges into the Chain-of-Lakes (COL) would allow Zone 7 to prevent groundwater losses associated with quarry pit dewatering activities, replenish evaporative losses to groundwater currently occurring from the Chain-of Lakes, and better evaluate Lake I's groundwater recharge potential.
- Vulcan will be responsible for obtaining a permit or a waiver from Regional Water Quality Control Board and satisfying any reporting requirements associated with the discharge into the COL.
- Vulcan's discharge pipeline, which currently discharges to Arroyo Mocho, will need to be extended to convey this water to the Chain-of Lakes. Zone 7 will be responsible for construction, operation and maintenance of the pipeline from Arroyo Mocho to Chain-of-Lakes.
- A tentative agreement between Zone 7 and Vulcan allowing discharge into the Chain-of Lakes has been drafted and reviewed by Zone 7 staff and counsel.
- Subsequent to execution of this agreement, staff will work with Vulcan to prepare a detailed project proposal for extension of the pipeline, and the supporting CEQA analyses necessary for the Board's future consideration of the project.

FUNDING:
No funding is necessary for the execution of this agreement, however, the project to extend Vulcan's pipeline to the Chain-of Lakes will be funded 70% from Fund 72 –Renewal Replacement\System-Wide Improvements and 30% Fund 73 – Expansion, should the Board later approve the project.

RECOMMENDED ACTION:
Adopt attached Resolution authorizing the General Manager to negotiate and execute an agreement with Vulcan Materials Company for the discharge of groundwater into the Chain-of-Lakes.

ATTACHMENTS:
1. Memo providing additional background and discussion of agenda item
2. Zone 7 Board Resolution
3. Tentative Agreement Between Zone 7 Water Agency and Vulcan Materials Company

Interoffice Memo

Date: September 21, 2010
To: Jill Duerig, General Manager
From: Colleen Winey, Assistant Geologist, Groundwater Section
Matt Katen, Principal Geologist, Groundwater Section
Subject: Agreement with Vulcan Materials Company to Discharge Groundwater into the Chain-of-Lakes.

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

BACKGROUND:

As part of their mining operations, Vulcan Materials Company (Vulcan) is permitted to discharge up to 9.75 million gallons per day (mgd) of water generated during mining into the Arroyo Mocho under a National Pollutant Discharge Elimination System (NPDES) permit issued by the Regional Water Quality Control Board (RWQCB). This water is groundwater that's pumped from Vulcan's quarry pits in order for them to economically extract aggregate materials from the quarries. The pumped groundwater is routed to one or more settling ponds for clarification before it is discharged to the arroyo. A small portion of the water is used onsite to wash the mined aggregate, then it is recombined with the remaining groundwater in one of the settling ponds.

Vulcan's current discharge point into the Arroyo Mocho is just southeast of Cope Lake. At this point along the arroyo, almost all of the water discharged will flow out of the basin; only a small portion will percolate through the channel bottom and recharge the underlying aquifers. Storing and recharging more of the discharged water would be beneficial to Zone 7 and the public. Over the last two years alone, nearly 1,140 million gallons (3,500 acre-feet) of groundwater losses have been attributed to Vulcan's discharge.

The properties being dewatered and mined by Vulcan are owned by Pleasanton Gravel Company (PGC). In a 1988 "Mining Agreement" between Zone 7 and PGC, it states, "At any time after Lakes H and I have been granted to Zone 7 that PGC discharges water, and Lakes H or I have capacity to capture and store that water, Zone 7 shall use its best effort to capture and store the water in Lakes H and I …" The agreement further states, "PGC shall continue to take the same degree of reasonable measures and actions to re-percolate, store and reuse waters produced by virtue of its sand and gravel extraction and processing operations." Conditions in Vulcan's lease agreement with PGC bind them to the provisions of the 1988 "Mining Agreement." Prior to discharging into Arroyo Mocho, Vulcan stores excess groundwater in other mined gravel pits owned by PGC and Vulcan.

DISCUSSION:

In addition to storing groundwater in the gravel pits owned by PGC and Vulcan, Zone 7 and Vulcan staff discussed the possibility of allowing storage and re-percolation of Vulcan's discharge in the Chain-of-Lakes on the west side of Arroyo Mocho. Diverting the discharge to the west side lakes, where it would percolate and recharge aquifers, will reduce the overall loss of groundwater in our basin that has been occurring due, in part, to the quarry dewatering operations, and will put that water to beneficial use on the west side where Zone 7 and City of Pleasanton wells are located. Vulcan would benefit by having an additional space to discharge water that is not dependent on the restrictions and rigorous reporting requirements of a General NPDES permit.

There are three former quarry pits located fairly close to the Vulcan discharge point, Cope Lake, Lake H, and Lake I. Staff evaluated the three receiving water options and concluded that currently, Lake I was the best option for storing and re-percolating the discharge water for the following reasons:

- Cope Lake is a former de-siltation pond and seepage studies show it has very little connection to the groundwater basin. As a result, the water would eventually be lost to evaporation, or would have to be pumped to another lake for percolation;
- Lake H has not yet been deeded to Zone 7, and the current owner is not open to the idea of water being discharged directly to Lake H at this time;
- Lake I is owned by Zone 7, and has been identified as a potential groundwater recharge facility. Additionally, the pipeline extension necessary to discharge to Lake I can be constructed entirely on Zone 7 property.

Therefore, staff has been pursuing this option. Discharging into the Chain-of-Lakes seems to require a Report of Waste Discharge to the RWQCB, and potentially Waste Discharge Requirements (WDR) or a waiver thereof from the RWQCB. Nevertheless, a sampling and reporting program would be a basic requirement for both, RWQCB approval and Zone 7's concurrence. Consequently, Vulcan has prepared a discharge monitoring plan and submitted it to Zone 7 for review and concurrence. Staff believes that the best management practices (BMPs), the water quality monitoring plan, along with the associated water quality limits contained in the plan will provide adequate protection for local groundwater quality. Vulcan's proposed monthly sampling program retains the suite of analyses required by the current NPDES permit but reduces the reporting requirement and relaxes the TDS concentration and pH thresholds to that typically found in the native groundwater. In addition, Vulcan has agreed to add annual testing for general minerals and select metals so that their monitoring program will be consistent with Zone 7's routine surface water and groundwater monitoring programs.

Staff reviewed the water quality data for Vulcan's discharge for the past several years, as well as the water quality of Lake I, and in the surrounding monitoring wells, and concluded that the water that would be discharged to the Chain-of-Lakes, and subsequently percolated into the groundwater basin, would not degrade the local groundwater quality.

Following a series of meetings and discussions between Vulcan and Zone 7, Vulcan proposed an agreement containing the following principles:

Vulcan will be responsible for:

- Acquiring any permits required for the water discharge from the RWQCB.
- Complying with all RWQCB permit requirements including sampling and reporting.
- Providing copies of all sample data and reports to Zone 7.
- Providing the pump and power to transport the water to and through the pipeline to reach the Chain-of-Lakes.
- Maintaining the pump and pipeline connector up to Zone 7's property line.
- Start up and shut down of the Discharge System.

Zone 7 will be responsible for:

- Reviewing and approving all permit applications prior to transmittal to RWQCB.
- Installation and funding the portion of the discharge pipeline to be located on Zone 7 property.
- Preparation of CEQA documentation for the pipeline installation.

- Maintaining the pipeline on Zone 7's property.
- Any easements/agreements/right-of-way for those portions of the pipeline which need to be constructed on properties not under control by either Zone 7 or Vulcan.
- Giving at least 48-hour notice for non-emergency, Zone7-requested, discharge shutdowns.

The proposed agreement also contains provisions for Zone 7 to receive and review all Vulcan monitoring program results, as well as allowing us to continue with our own monitoring of Vulcan's potential discharge impacts to groundwater quality. The proposed agreement also provides for Zone 7 to discontinue the discharge into the Chain-of- Lakes at our discretion should any water quality (or quantity) problem arise, and without reason following a pre-determined request procedure.

The proposed agreement has been vetted by staff and is attached to this memorandum. It has also been reviewed and approved "as-to-form" by both Vulcan and Zone 7 counsel. Staff recommends Board authorization for the General Manager to complete negotiations with Vulcan Materials Company and execute the agreement for the acceptance of water produced by their quarry operations into the Chain-of-Lakes.

This agreement alone would not commit us to the implementation of the project. Instead, it would be viewed by Vulcan as a sign of "good faith" that we are interested in pursuing the project with them. Execution of the agreement will initiate the next steps in project planning and design by Vulcan and Zone 7. Subsequent to execution of the agreement, Vulcan and Zone staff will prepare plans for the pipeline extension. After the plans have been prepared, and the appropriate CEQA analysis has been conducted, staff will present the project to the Board for authorization.

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Agreement with Vulcan Materials Company to Discharge Groundwater into the Chain-of-Lakes

WHEREAS, water is being lost from the Livermore-Amador Groundwater Basin through Vulcan Materials Company discharges to the Arroyo Mocho; and

WHEREAS, it would be beneficial for the Livermore-Amador Groundwater Basin to store and re-percolate this water back into the groundwater basin utilizing the Chain-of-Lakes; and

WHEREAS, Lake I is currently controlled by Zone 7 and has available capacity to store and re-percolate much of this water; and

WHEREAS, Vulcan's discharge pipeline, which currently discharges to Arroyo Mocho, will need to be extended to convey this water to the Chain-of-Lakes; and

WHEREAS, subsequent to the execution of this agreement, staff will prepare a detailed project proposal for discharge pipeline extension, and the supporting CEQA analyses necessary for the Board's future consideration of the project.

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 an agreement with Vulcan Materials Company to conditionally accept Vulcan's discharge water into the Chain-of- Lakes.

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 21, 2011

By ______________________________
President, Board of Directors

LAKE I WATER DISCHARGE AGREEMENT

THIS LAKE I WATER DISCHARGE AGREEMENT ("Agreement"), dated for reference purposes as of August ______, 2011, and effective as of the Effective Date (as defined in **Section 3** below), is entered into by and between ZONE 7 OF THE ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, a public entity organized under the laws of the State of California ("Zone 7"), and CALMAT CO., a Delaware corporation, d/b/a VULCAN MATERIALS COMPANY, WESTERN DIVISION ("Vulcan"). Zone 7 and Vulcan are sometimes hereinafter referred to individually as a "party" and collectively as the "parties." This Agreement is entered into with reference to the following facts and circumstances:

RECITALS

A. Zone 7 manages the groundwater basin in the Livermore-Amador Valley area of Alameda County (the "County"), California.

B. The County's Specific Plan for Livermore-Amador Valley Quarry Area Reclamation (the "Specific Plan") provides for the creation of a future "Chain of Lakes" within reclaimed quarry areas located in the Livermore-Amador Valley for purposes of water management, to be owned and operated by Zone 7.

C. Pursuant to Alameda County Surface Mining Permit 16 and related entitlements (collectively, and together with any and all amendments thereto, "SMP-16"), Vulcan conducts aggregate mining and processing operations on approximately 1,059 acres located south of Interstate 580 along El Charro Road between the cities of Pleasanton and Livermore in the Livermore-Amador Valley (the "Vulcan Lands"). SMP-16 expires December 31, 2030.

D. In connection with its operations pursuant to SMP-16, and pursuant to the California Regional Water Quality Control Board, San Francisco Bay Region's Order No. R2 2008-0011; NPDES Permit No. CAG982001 (General Waste Discharge Requirements for Discharges of Process Wastewaters from Aggregate Mining, Sand Washing, and Sand Offloading Facilities to Surface Waters) ("NPDES Permit"), Vulcan discharges water from time to time into the Arroyo Mocho (each an "NPDES Discharge") in the vicinity of its facilities and at or near the discharge point on the Vulcan Lands indicated on **Exhibit A** attached hereto and incorporated herein by this reference (the "NPDES Discharge Point").

E. Zone 7 is the owner and manager of that portion of the Chain of Lakes area commonly known as "Lake I" as depicted on attached **Exhibit A** ("Lake I").

F. Zone 7 has requested that, in lieu of NPDES Discharges, Vulcan divert and discharge, to the greatest feasible extent, such water into Lake I for purposes of groundwater recharge and other potential uses by Zone 7, by way of a new pipeline to be generally located between the NPDES Discharge Point and Lake I, subject to the suspension and termination of such discharges into Lake I at any time by either party and the terms and conditions of this Agreement.

G. Vulcan is willing to divert and discharge such water into Lake I by means of such a pipeline, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and obligations set forth in this Agreement, Zone 7 and Vulcan hereby agree as follows:

AGREEMENT

1. Water Discharges into Lake I.

1.1 RWQCB Discharge Permits. As soon as practical following the Effective Date and subject to **Section 1.2**, Vulcan, at its cost, shall make application to, and thereafter use its good faith best efforts to obtain from, the California Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB"), any permits, orders, approvals, waivers, certifications and requirements, including any waste discharge requirements (collectively, and as may be amended from time to time during the Term upon prior notice to Zone 7, the "RWQCB Discharge Permits") as may be reasonably necessary or appropriate to permit and allow, in lieu of NPDES Discharges and to the greatest feasible extent, the discharge of water by Vulcan from its facilities operated pursuant to SMP-16 to and into Lake I (collectively, "Lake I Discharges") by way of the Lake I Discharge System (as defined in **Section 1.3.1**).

1.2 Zone 7 Consent and Cooperation. Zone 7 hereby consents to the Lake I Discharges pursuant and subject to this Agreement and agrees to cooperate in the effectuation of the Lake I Discharges hereunder. Not less than fifteen (15) business days prior to submitting any application for any RWQCB Discharge Permit, Vulcan shall provide to Zone 7 a copy of the proposed application for Zone 7's review and written approval, which shall not be unreasonably withheld, delayed or conditioned. Zone 7 shall notify Vulcan in writing of its approval of, or any objections or suggested revisions to, any such application within ten (10) business days after its receipt thereof, and shall be deemed to have approved such application if it has not provided any such notice to Vulcan within such time period. In the event that Zone 7 so notifies Vulcan of any objections to any such application, or if Vulcan disagrees with any revisions so suggested by Zone 7, the parties shall promptly meet and confer and otherwise use good faith best efforts to resolve any such objections or disagreement as expeditiously as possible. If required by RWQCB, or otherwise upon Vulcan's reasonable request, Zone 7 shall join in and execute any such application and otherwise cooperate in the processing of such application.

1.3 Lake I Discharge System.

1.3.1 Installation and Ownership. As soon as practical following Vulcan's application for the RWQCB Discharge Permits, Zone 7, at its sole cost and expense, shall make application to, and thereafter use its good faith best efforts to obtain, if necessary, from the County and/or any other agency with jurisdiction (other than RWQCB) any and all necessary permits, approvals and certifications and thereafter construct and install, or cause to be constructed and installed, a pipeline and appurtenant facilities sufficient to accommodate the Lake I Discharges (the "Zone 7 Pipeline"). The route for the Zone 7 Pipeline (the "Pipeline Route") shall traverse Zone 7 Lands and/or Zone 7 Rights of Way (as defined in **Section 1.3.3**) and be generally located between the westernmost point of the Vulcan Connector (as defined below) and Lake I. At the election of Zone 7, and subject to the written agreement of Vulcan in its sole and absolute discretion with such performance, payment and other terms and conditions mutually acceptable to Zone 7 and Vulcan, Vulcan may serve as an independent contractor of Zone 7 to construct and install the Zone 7 Pipeline ("Independent Contractor Agreement"). At all times, the Zone 7 Pipeline shall be and remain the sole and exclusive property of Zone 7. In coordination with installation of the Zone 7 Pipeline, Vulcan may construct and install, in the vicinity of the NPDES Discharge Point and to the west of the Arroyo Mocho, any and all facilities necessary or appropriate to effectuate a connection to the Zone 7 Pipeline sufficient to accommodate the flow of discharge water from Vulcan's facilities into the Zone 7 Pipeline (the "Vulcan Connector"). At all times, the Vulcan Connector shall be and remain the sole and exclusive property of Vulcan. Upon the expiration or termination of the Term (as defined in **Section 3**), either party may disconnect the Zone 7 Pipeline from the Vulcan Connector. Vulcan, at its sole cost and expense, shall install on the Vulcan Lands one or more electric pumps to facilitate the Lake I Discharges (the "Vulcan Pump"). The Zone 7 Pipeline, the Vulcan Connector and the Vulcan Pump are herein referred to collectively as the "Lake I Discharge System."

1.3.2 Operation and Maintenance. Subject to the provisions of this paragraph, and notwithstanding the first sentence of **Section 1.4**, Zone 7, at its sole cost and expense, shall operate, maintain, repair, relocate, remove and replace the Zone 7 Pipeline as may be necessary during the Term. Any Independent Contractor Agreement may also provide that Vulcan would perform such services for Zone 7. Subject to the provisions of this paragraph and the provisions of any Independent Contractor Agreement, Vulcan, at its sole cost and expense, shall operate, maintain, repair, relocate, remove and replace the Vulcan Connector and the Vulcan Pump as may be necessary during the Term. The parties acknowledge and agree that the Lake I Discharge System will be a complex system comprised of multiple interconnected parts that could be easily damaged or destroyed by improper or uncoordinated operation, and therefore only employees, contractors and agents of Vulcan shall be authorized to start up and shut off the Lake I Discharge System. Notwithstanding the preceding provisions of this paragraph to the contrary, a party shall be solely responsible for the full cost and expense of any repairs or replacement of any part of the Lake I Discharge System and/or any other facilities to the extent occasioned by the gross negligence or willful misconduct of that party or any employee, agent or contractor of that party. Vulcan may operate the Vulcan Pumps outside of normal business hours and on weekends provided that its "Operations/Emergency Contact" as defined under **Section 1.5** shall be available to Zone 7 to contact in the event of emergencies. The start-up and shut-off of the Lake I Discharge System shall be subject to the notice and other provisions of **Section 1.5**.

1.3.3 Rights of Way. The parties enter into this Agreement based upon the understanding that the Pipeline Route shall be situated entirely or primarily upon property owned or controlled by Zone 7 ("Zone 7 Lands"). If and to the extent any portion of the Pipeline Route, at any time, is not situated entirely upon Zone 7 Lands, Zone 7 shall be responsible, at its sole cost and expense, for securing from any third parties any and all necessary and appropriate easements, licenses and/or rights of way and entry upon, over, across, under, along and through the Pipeline Route sufficient to permit and allow the construction, installation, use, maintenance, repair, relocation, removal and replacement of the Zone 7 Pipeline in accordance with this Agreement ("Zone 7 Rights of Way"). Zone 7 hereby grants to Vulcan, for use during the Term by Vulcan and its employees, agents, contractors, consultants, representatives and designees, a license and right of entry for vehicles, equipment and personnel, upon, over, across, under, along and through the Pipeline Route, the Zone 7 Rights of Way, Lake I and any other Zone 7 Lands to the extent necessary or appropriate for the Lake I Discharges, compliance with the RWQCB Permits (including any and all necessary and appropriate monitoring, sampling and testing related thereto, whether at the point of discharge into Lake I or elsewhere, and including boat access), compliance with this Agreement, or under any Independent Contractor Agreement.

1.3.4 Entry and Inspection. During the Term, Zone 7 shall have the right, subject to the provisions of this paragraph, to enter upon any and all portions of the Lake I Discharge

System to inspect the same and monitor discharge volumes and rates. Zone 7 shall provide Vulcan with at least 48-hours prior written notice (which may be provided by email) before any such entry upon any portion of the Lake I Discharge System situated upon Vulcan Lands. As a further condition to any such entry upon Vulcan Lands, Zone 7 and its agents and contractors shall comply with all safety policies, practices and procedures established from time to time by Federal and California OSHA, MSHA and Vulcan, including without limitation checking in at Vulcan's plant office at the time of such entry, receiving and complying with all safety training and instructions provided by Vulcan, and wearing appropriate safety apparel provided or approved by Vulcan.

1.4 Compliance, Reporting, and Water Condition. Vulcan, at its sole cost and expense, shall comply during the Term with the RWQCB Discharge Permits, including any and all testing and reporting requirements thereunder. Vulcan shall provide Zone 7 with copies of any and all such tests performed at and flow logs and other reports generated regarding the Lake I Discharge System and submitted to RWQCB or otherwise prepared by or on behalf of Vulcan at any time during the Term pursuant or with respect to the NPDES Permit or the RWQCB Permits. Zone 7 acknowledges and agrees that it has undertaken its own independent investigation and has adequate and complete knowledge of the range of volumes and amounts, and the physical composition and condition, of the Lake I Discharges and Zone 7 is accepting all Lake I Discharges in their "AS IS" volume, amount, composition and condition, subject to Vulcan's compliance with the RWQCB Discharge Permits and subject to **Section 1.5**. Without limiting the preceding provisions of this paragraph, Zone 7 acknowledges that, notwithstanding Vulcan's compliance with the RWQCB Discharge Permits, the Lake I Discharges may contain silt and other particulate or suspended matter, and/or other substances or materials that may degrade or otherwise affect the quality of water comprising the Lake I Discharges. Subject to Vulcan's compliance with the RWQCB Discharge Permits, Vulcan does not make, and hereby disclaims, any representation or warranty whatsoever, express or implied, regarding the volume, frequency, duration, amount, composition, condition or any other aspect of the Lake I Discharges or the fitness or suitability of such water for any particular use or purpose.

1.5 Timing, Volume and Suspension of Lake I Discharges. The parties acknowledge and agree that the Lake I Discharges may be made from time to time by Vulcan at any time during the Term following the construction and installation of the Lake I Discharge System, that any Lake I Discharges may be sporadic (due to both foreseen and unforeseen conditions), and that there shall be no particular frequency or duration of any Lake I Discharges. Subject to this paragraph, but notwithstanding any other provision herein to the contrary, (a) any Lake I Discharges shall be in Vulcan's sole and absolute discretion and Vulcan shall have no obligation at any time to put, convey or discharge any minimum, maximum or particular volume or amount of water into or through the Lake I Discharge System or into Lake I, if at all; and (b) Zone 7 does not guaranty to Vulcan any particular volume or amount of Lake I Discharges. Prior to making the initial Lake I Discharge hereunder, Vulcan shall provide telephonic or written (including electronic mail) notice thereof to the Primary Contact for Zone 7. Subject to any Zone 7 Suspension (as defined below), no notice need be provided by Vulcan to Zone 7 before making any Lake I Discharges subsequent to the initial Lake I Discharge or terminating any Lake I Discharges. Following the construction and installation of the Lake I Discharge System, Zone 7 may, from time to time during the Term, temporarily suspend Vulcan's right to make Lake I Discharges hereunder, with or without cause (each a "Zone 7 Suspension"), effective upon not less than forty-eight (48) hours prior telephonic or written (including electronic mail) notice to the Primary Contact for Vulcan (except under emergency circumstances, in which event such notice may be less than 48 hours) (each a "Zone 7 Stop Notice"), which Zone 7 Stop Notice shall specify the anticipated duration of the Zone 7 Suspension (the "Zone

7 Suspension Period"). Upon its receipt of a Zone 7 Stop Notice, Vulcan shall use good faith best efforts to effectuate a shut-off of the Lake I Discharge System upon the first day of the Zone 7 Suspension Period or as soon thereafter as reasonably practical. As soon as possible following any Zone 7 Stop Notice and in any event not later than the expiration of the Zone 7 Suspension Period, Zone 7 shall provide subsequent telephonic or written (including electronic mail) notice to the Primary Contact for Vulcan confirming the earliest date upon which Vulcan may restart Lake I Discharges (each a "Zone 7 Restart Notice"). Should Zone 7 fail for any reason to timely provide such a Zone 7 Restart Notice, Vulcan shall be entitled to restart Lake I Discharges at any time following expiration of the Zone 7 Suspension Period, without any further notice to Zone 7. Zone 7 acknowledges and agrees that its right to invoke Zone 7 Suspensions hereunder does not include any right of Zone 7 to physically effectuate any shut off of all or any part of the Lake I Discharge System, which may be done only by Vulcan as provided in **Section 1.3.2**. Each party hereby designates, as its primary point of contact with respect to matters under this paragraph, the individual identified as its "Primary Contact" under **Section 4.10**. Each party also hereby designates the individual identified as its “Operations/Emergency Contact” under **Section 4.10** (who may be the same as its Primary Contact) to address questions of general operation and emergency conditions on behalf of its Primary Contact. Each party may change its Operations/Emergency Contact by providing notice thereof to the other party's Primary Contact pursuant to **Section 4.10**. All actions or decisions made hereunder by a party's Operations/Emergency Contact (if different from such party's Primary Contact) shall be reported in writing to that party's Primary Contact within forty-eight (48) hours. During any Zone 7 Suspension Period, this Agreement shall remain in full force and effect and all rights and obligations of the parties hereunder, other than the right to make Lake I Discharges, shall remain unmodified. Either party also shall have the right to terminate this Agreement pursuant to **Section 3**.

2. Indemnity.

2.1 Release and Indemnity by Zone 7. Zone 7 hereby unconditionally and irrevocably waives and releases Vulcan and Vulcan's directors, officers employees, contractors, agents and representatives (collectively, "Vulcan Indemnitees") from any and all claims, demands, suits, actions, proceedings, liabilities, damages, losses, costs and expenses, of any nature whatsoever, including attorneys', experts' and consultants' fees and costs (collectively, "Claims") for any personal injury, death, property damage or any other injury, harm or damages that directly or indirectly result or arise at any time from the physical or environmental condition of the Zone 7 Lands, the Zone 7 Rights of Way or any other property owned or controlled by Zone 7 or any third party, any Lake I Discharges in compliance with the RWQCB Discharge Permits, or the active negligence or willful misconduct of any Zone 7 Indemnitee. In connection with such waiver and release, Zone 7 hereby waives the provisions of Section 1542 of the California Civil Code (and any successor statute), which reads as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Zone 7 also shall indemnify, protect, defend (with attorneys reasonably acceptable to Vulcan) and hold harmless all Vulcan Indemnitees from and against any and all Claims of the types described above in this **Section 2.1**, the design, construction, installation, materials, condition, repair, relocation, removal or replacement of the Lake I Discharge System (excepting to the extent Vulcan is obligated to indemnify any Zone 7 Indemnitee for such Claims pursuant to **Section 2.2**), and any and all Claims that directly or indirectly result or arise at any time from any breach by Zone 7 of any provision of this Agreement. The provisions of this **Section 2.1** shall survive the expiration, suspension or termination of this Agreement.

2.2 Indemnity by Vulcan. Vulcan shall indemnify, protect, defend (with attorneys reasonably acceptable to Zone 7) and hold harmless Zone 7 and Zone 7's directors, officers, employees, contractors, agents and representatives (collectively, "Zone 7 Indemnitees") from and against any and all Claims for any personal injury, death or property damage to the extent resulting from the active negligence or willful misconduct of Vulcan or any of Vulcan's contractors, and any and all Claims that directly or indirectly result or arise at any time from any breach by Vulcan of any provision of this Agreement; provided, however, that the foregoing obligations of Vulcan shall not apply to the extent any such Claims result or arise from any Claims or matters for which Zone 7 releases or is obligated to indemnify the Vulcan Indemnitees pursuant to **Section 2.1**. The provisions of this **Section 2.2** shall survive the expiration, suspension or termination of this Agreement.

3. Term of Agreement. Notwithstanding any provision herein to the contrary, this Agreement shall not become effective unless and until signed and delivered by both parties. Subject to the preceding sentence, the effective date of this Agreement ("Effective Date") shall mean the last date of a party's execution of this Agreement as such date is set forth following the parties' respective signatures below. Without limiting the provisions of **Section 4.1** and notwithstanding any Regulations of Zone 7 to the contrary, the only condition to the effectiveness of this Agreement is the signature and delivery of this Agreement by both parties. Without limiting the preceding provisions of this paragraph, the term of this Agreement ("Term") shall commence upon the Effective Date and shall expire upon the date of termination of all mining and reclamation activities under SMP-16, unless sooner terminated by a party pursuant to the following sentence. Either party may terminate this Agreement, at any time and with or without cause, effective upon not less than 180 days prior written notice to the other party. The provisions of **Sections 2, 4.7, 4.8, 4.9, 4.11**, and **4.13** and any other provisions of this Agreement that are expressly stated herein to survive the expiration or termination of this Agreement shall survive such expiration or termination, and the expiration or termination of this Agreement shall not relieve any party from any obligation or liability hereunder, or vitiate any party's rights hereunder, that shall have accrued prior to the effective date of such expiration or termination.

4. General Provisions.

4.1 Relationship to Other Agreement and Regulations. Notwithstanding any provision herein to the contrary, this Agreement shall not amend or modify, or be deemed to amend or modify, that certain Agreement between Zone 7 and Pleasanton Gravel Company, dated April 20, 1988 (commonly referred to by the parties as the "Chain of Lakes Agreement"), which shall continue unmodified and in full force and effect in accordance with its terms. Notwithstanding any provision herein to the contrary, this Agreement also shall not be deemed to modify or effect in any manner Vulcan's NPDES Permit (or Vulcan's right to make NPDES Discharges thereunder), which shall continue unmodified and in full force and effect in accordance with its terms. Subject to the preceding provisions of this paragraph, in the event this Agreement or any provision hereof conflicts with any provision of any other contract, agreement or memorandum of understanding to which Zone 7 is a party, or any Regulation of Zone 7, this Agreement shall govern and control over any such conflicting provision.

4.2 Entire Agreement. Except as otherwise expressly set forth herein, this Agreement, including all recitals, exhibits and schedules hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous understandings, negotiations, representations, promises, memoranda and agreements, oral or written, by or between the parties, with respect to the subject matter hereof. No representations, inducements, promises, or agreements have been made in connection with this Agreement by any party, or anyone acting on behalf of any party, other than those expressly set forth in this Agreement.

4.3 Amendment. This Agreement may be amended, modified or supplemented only by a writing signed by both parties.

4.4 Waiver. No waiver of any provision of this Agreement shall be binding unless executed in writing by the party making the waiver. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver unless the written waiver so specifies.

4.5 Counterparts; **Facsimile/Electronic Signatures.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The parties shall be entitled to rely upon facsimile copies or electronic copies of the parties' signatures to this Agreement and any instrument executed in connection herewith. Notwithstanding the foregoing, promptly after sending a facsimile or electronic copy of its signature hereon, each party shall provide the others with an executed original counterpart by overnight courier, although the failure to provide such counterpart shall not limit the effectiveness of this Agreement.

4.6 No Agency or Joint Venture. It is not the intention of the parties to create by this Agreement a relationship of master-servant, principal-agent, partnership or joint venture and under no circumstance shall either party be considered the agent of the other.

4.7 Governing Law. This Agreement is entered into in and shall be governed by and construed in accordance with the internal laws of the State of California.

4.8 Severability. If any term or provision of this Agreement is ever determined to be invalid or unenforceable for any reason, such term or provision shall be severed from this Agreement without affecting the validity or enforceability of the remainder of this Agreement.

4.9 Interpretation. Section headings in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of any provision of this Agreement. As used herein, unless the context of this Agreement clearly requires otherwise: (a) the singular shall include the plural (and vice versa) and the masculine or neuter gender shall include the feminine gender (and vice versa); (b) locative adverbs such as "herein," "hereto," and "hereunder" shall refer to this Agreement in its entirety and not to any specific Section or paragraph; (c) the terms "include," "including," and similar terms shall be construed as though followed immediately by the phrase "but not limited to;" (d) "or" is not exclusive; and (e) "shall," "will" and "must" are mandatory and "may" is permissive. The parties have jointly participated in the negotiation and drafting of this Agreement, and this Agreement shall be construed fairly and equally as to the parties, without regard to any rules of construction relating to the party who drafted a particular provision of this Agreement.

4.10 Notices. Except as otherwise provided in **Section 1.5**, all notices and other communications under this Agreement shall be in writing and shall be deemed duly given: (a) when delivered if personally delivered to the recipient; (b) when transmitted by electronic mail, telecopier or facsimile device during normal business hours, provided such device is capable of generating a written confirmation of such transmission and receipt and an original is deposited in first class mail within two (2) business days thereafter addressed as set forth below; (c) on the first business day following delivery to an overnight delivery service, provided delivery is confirmed by the delivery service; and (d) on the earlier of actual receipt or three (3) days following deposit in United States registered or certified mail, postage prepaid and return receipt requested, addressed to the parties as set forth below. Any party may change its address for notices by giving written notice to the other parties in the manner set forth above.

If to Zone 7:

Primary Contact	Groundwater Section Manager Alameda County Flood Control and Water Conservation District, Zone 7 100 North Canyons Parkway Livermore, CA 94551 Tel: (925) 454-5071 Fax: (925) 454-5724 Email: mkaten@zone7water.com
With Copy to:	Alameda County Flood Control and Water Conservation District, Zone 7 100 North Canyons Parkway Livermore, CA 94551 Attn: General Manager Tel: (925) 454-5000 Fax: (925) 454-5724 Email: jduerig@zone7water.com
Operations/Emergency Contact (Primary)	Colleen Winey Alameda County Flood Control and Water Conservation District, Zone 7 100 North Canyons Parkway Livermore, CA 94551 Tel: (925) 545-5063 Fax: (925) 454-5724 Email: cwiney@zone7water.com

Operations/Emergency Contact (Secondary)	Matt Katen [same as for primary] Tel: (925) 454-5071 Fax: (925) 454-5724 Email: mkaten@zone7water.com

If to Vulcan:

Primary Contact; Operations/Emergency Contact:	Plant Manager Vulcan Materials Company 50 El Charro Road Pleasanton, CA 94588 Tel.: (559) 217-6268 Fax: (925) 249-3060 Email: mayerb@vmcmail.com
With Copy to:	Vulcan Materials Company 3200 San Fernando Road Los Angeles, CA 90065 Attn: Brian W. Ferris, Esq. Tel.: (323) 258-2777 Fax: (323) 258-1583 Email: ferrisb@vmcmail.com

4.11 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal and legal representatives, subsidiaries, affiliates, successors and assigns (including any successor owners or operators under SMP-16 and any successor agency to Zone 7), notwithstanding any contrary provision in any Regulation or other agreement of Zone 7 in effect as of Effective Date or at any time thereafter. Without limiting the preceding provisions of this paragraph, any change of organization or reorganization affecting Zone 7, the County, Pleasanton or Livermore shall not terminate, modify or otherwise affect any party's rights or obligations under this Agreement.

4.12 Expenses. Except as otherwise provided herein, the parties shall bear their respective expenses incurred in connection with the preparation, execution and performance of this Agreement, including all fees and expenses of agents, representatives, attorneys and accountants.

4.13 Attorneys' Fees. The prevailing party in any action or proceeding to enforce or interpret this Agreement or otherwise arising out of or in connection with the subject matter hereof (including, but not limited to, any suit, arbitration, entry of judgment, post-judgment motion or enforcement, appeal, bankruptcy litigation, attachment or levy) shall be entitled to recover its costs and expenses, including, but not limited to, attorneys', experts' and consultants' fees and costs.

4.14 No Third Party Beneficiary. This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns, and no other person or entity shall have or acquire any rights or remedies under this Agreement, except as otherwise expressly provided in this Agreement.

4.15 Counting Days. All references in this Agreement to "days" shall mean calendar days unless expressly referred to as "business days." If the day for performance of any obligation under this Agreement is a Saturday, Sunday or legal holiday, then the time for performance of that obligation shall be extended to the first following day that is not a Saturday, Sunday or legal holiday.

4.16 Further Cooperation. The parties agree to execute and deliver all further documents and to take all such further action as may be necessary or helpful to fully implement the provisions of this Agreement.

4.17 Authority. Each individual executing this Agreement on behalf of a corporation, agency or other entity represents and warrants that: (i) he or she is duly authorized to execute and deliver this Agreement on behalf of said entity in accordance with its governing documents; (ii) this Agreement is binding upon such entity in accordance with its terms; and (iii) such party is a duly organized and legally existing entity in good standing in the State of California.

IN WITNESS WHEREOF, Zone 7 and Vulcan have executed this Agreement effective as of the Effective Date.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7	CALMAT CO., a Delaware corporation, d/b/a VULCAN MATERIALS COMPANY, WESTERN DIVISION
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Its: ______________________	Its: ______________________
Date: ______________________	Date: ______________________

APPROVED AS TO FORM:

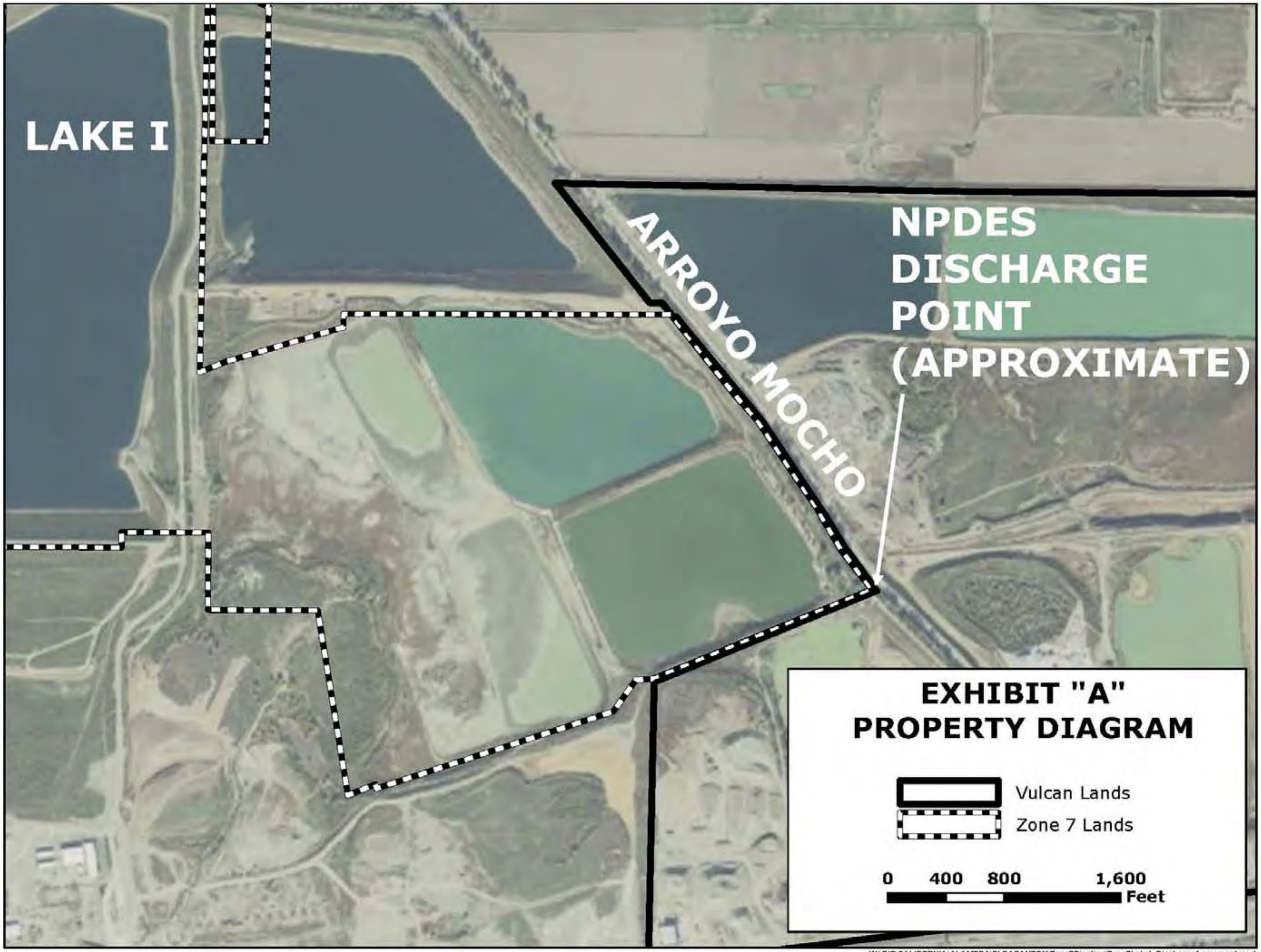
Counsel for Zone 7

By: ______________________
Name: ______________________
Date: ______________________

EXHIBIT A
TO
LAKE I WATER DISCHARGE AGREEMENT

PROPERTY DIAGRAM

[See Attached]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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Water Supply Engineering
CONTACT: Sal Segura\Jarnail Chahal

AGENDA DATE: September 21, 2011 ITEM NO. 5e

SUBJECT: Amendment 4 to Agreement for Dry Year Water Purchase Associated with Yuba Accord (A08-98-CAL)

SUMMARY:

- The Yuba Accord Water Purchase Agreement allows Yuba County Water Agency (Yuba) the option to transfer water to the Department of Water Resources which in turn makes the acquired water available to State Water Project (SWP) Contractors who want to buy the available water.
- Zone 7, along with 20 other SWP Contractors and the San Luis & Delta-Mendota Water Authority, participate in the "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Participating State Water Project Contractors under the Dry Year Water Purchase Program" ("Agreement") associated with the Yuba River Accord.
- The Yuba Accord transfer water is classified as Component 1 through Component 4 based on various conditions. Component 4 water being the most expensive is made available last.
- Yuba can make Component 4 water available for transfer from either a surface storage component or groundwater substitution component. Yuba makes the groundwater substitution water available through conjunctive use agreements with its Member Units.
- Amendment 4 to the agreement would provide for annual negotiations between the Management Committee representatives for the Participating Contractors, Yuba, and DWR to develop an annual adjustment in pricing of water from Yuba's groundwater substitution pumping if that water is desired by the Participating Contractors.
- The proposed Amendment 4 would become effective in 2011, and would terminate March 31, 2016, when a new pricing agreement is required for Yuba Accord transfer water.
- DWR has requested signed amendments be returned by September 30, 2011.
- In order for DWR to make this water available in 2012-2015, all participating contractors must execute the amendment regardless of whether they plan to request Component 4 water.
- Staff recommends adoption of the attached resolution authorizing the General Manager to negotiate and execute the Amendment.

FUNDING:
Future purchase of any dry-year water will be funded from Fund 52 –Water Enterprise. There are no direct costs associated with the signing of Amendment 4.

RECOMMENDED ACTION:
Adopt the attached resolution authorizing the General Manager to negotiate and execute Amendment 4 to the Agreement for Dry Year Water Purchase Associated with Yuba Accord (A08-98-CAL).

ATTACHMENTS:

- Memorandum providing additional background information
- Zone 7 Board Resolution
- Amendment 4 to Agreement for Dry Year Water Purchase Associated with Yuba Accord (A08-98-CAL)

Interoffice Memo

Date: September 21, 2011
To: Jill Duerig, General Manager
From: Sal Segura, Associate Civil Engineer, Water Supply Engineering
Subject: Amendment 4 to Agreement for Dry Year Water Purchase Associated with Yuba Accord (A08-98-CAL)

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

BACKGROUND:

The Yuba Accord Water Purchase Agreement allows Yuba County Water Agency (Yuba) the option to make Component 4 Water available for purchase to the Department of Water Resources (DWR). Yuba can make Component 4 water available for transfer from either a surface storage component or groundwater substitution component. Yuba makes the Groundwater Substitution water available through conjunctive use agreements with its Member Units.

The Yuba Member Units may produce groundwater substitution water up to as much as 90,000 acre-feet if the yield of the groundwater aquifer is not impacted. However, the Member Units are unwilling to make this water available to Yuba under the Yuba Accord Water Purchase Agreement because they believe they can get a better price on the open water market. Representatives of the Participating Contractors of the Yuba Accord have been meeting with Yuba representatives to discuss obligations under the Accord Agreements and options to address the pricing and administrative issues so that additional water could be made available.

On March 31, 2008, Zone 7 signed the Agreement for Supply and Conveyance of Water under the Dry-Year Water Purchase program, which allows Zone 7 to participate in the Yuba River Accord. In 2009, two amendments to that Agreement were negotiated and approved – Amendment No. 1 to approve technical change to Yuba River reservoir accounting procedures, and Amendment No. 2 to approve a Component 4 groundwater substitutions price of $250 per acre-foot for 2009 only. In 2010, Amendment No. 3 was signed setting the rate at $200 per acre-foot for 2010 only. In 2011, no dry-year water was made available.

The appropriate price for Component 4 water has continued to be a point of contention between the parties. In accordance with the dispute resolution provisions of section 22 of the DWR/Yuba Water Purchase Agreement, Yuba, DWR, and representatives of the Participating Contractors presented the dispute to the Management Committee, but the Management Committee has not agreed on terms to resolve the dispute.
However, in consideration of the residual effects of the past drought conditions and the need to facilitate water transfers, the Management Committee has recommended adoption of this Amendment and that discussion continue among Yuba, its Member Units, DWR, and the Participating Contractors to resolve the dispute for the remaining term of the DWR/Yuba Water Purchase Agreement.

DISCUSSSON:

By executing Amendment 4, Zone 7 would be agreeing to: (1) allow the Management Committee, consisting of representatives of the Participating Contractors, Yuba, and the Department of Water Resources, to annually negotiate the price for groundwater substitution water, (2) if applicable as part of a pricing agreement, give that water priority over certain other cross-Delta transfers under Article 55, and (3) provide for certain technical accounting changes. The proposed Amendment 4 does not affect Component 2 and Component 3 water pricing. This amendment will be effective for 2012-2015 transfers only and terminate on March 31, 2016.

The Management Committee will convene by February 15 each year as necessary to negotiate the price of Component 4 water. Notification of available water will be sent to participating contractors by April 1 of each year. Participating contractors will have until May 14 of each year to make a final commitment. All Participating Contractors must sign Amendment 4 in order for DWR to amend its Water Purchase Agreement with Yuba for the revised Component 4 water price and other scheduling and invoicing terms.

DWR is requesting that Zone 7 (and all Participating Contractors) sign the Amendment whether or not they need additional water or are willing to pay the negotiated price(s) for the Component 4 water made available from the Yuba groundwater substitution water pumping program. Contractors who do not wish to pay the negotiated price for Component 4 water have no obligation to request any of this water. As provided by the Yuba Accord Participation Agreement, Participating Contractors who elect to "not" request some or all of the water offered under their Participation Agreement can notify DWR, and it will re-allocate the water to other Participating Contractors. Following is a summary of the key elements of Amendment 4:

- The proposed Amendment would become effective in 2011, and would terminate March 31, 2016, when a new pricing agreement is required for Yuba Accord transfer water.
- The Amendment is not considered a precedent for future amendments.
- The Amendment would provide for annual negotiations by the Management Committee representatives for the Participating Contractors, Yuba, and DWR to develop an annual adjustment in pricing of water from Yuba's groundwater substitution pumping if that water is desired by the Participating Contractors.
- The annual negotiations could also cover priority for export and the accounting for groundwater substitution water as Component 4 water for the current year.
- The negotiations are to be completed by March 31 each year.
- Once annual negotiations are completed and the resulting terms recommended in writing by the Management Committee representatives of Yuba and the Participating Contractors, Yuba and DWR would execute a letter agreement specifying the terms for that year, and Participating Contractors would be given the opportunity to opt in to purchase Component 4 groundwater substitution water subject to the terms for that year.
- In any year in which the negotiations did not occur, or did not result in a letter agreement between Yuba and the Department, Amendment 4 would not be in effect.

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Amendment 4 to Agreement for Dry Year Water Purchase Associated with Yuba Accord (A08-98-CAL)

WHEREAS, Zone 7 has approved a water supply and conveyance agreement, A08-98-CAL, known as the "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Participating State Water Project Contractors under the Dry Year Water Purchase Program" associated with the Yuba River Accord; and

WHEREAS, the Agreement needs to be amended to allow participating contractors to purchase additional supplies during 2012 thru 2015 as part of the Lower Yuba River Accord.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate and execute Amendment 4 to the "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Participating State Water Project Contractors under the Dry Year Water Purchase Program".

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 21, 2011 ______________________________

By ____
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: Office of the General Manager – Communications & Public Affairs
CONTACT: Robyn Navarra/Mike Wallace

AGENDA DATE: September 21, 2011 ITEM NO. 5f

SUBJECT: Request for "Out-of-State" Travel and Associated Expense Reimbursement to Attend the WaterSmart Innovations 2011 Conference in Las Vegas, Nevada

SUMMARY:

- Out-of-state travel authorization is requested for Robyn Navarra, Water Conservation Coordinator, to attend the WaterSmart Innovations 2011 Conference in Las Vegas, Nevada.
- The WaterSmart Innovation 2011 Conference is holding its annual conference on October 4-7, 2011. The largest urban water efficiency conference of its kind is presented by the Southern Nevada Water Authority and offers a wide variety of technical sessions, exhibits, and technical tours to share the latest on new technologies, case studies, research projects specific to the area of water conservation and offers an exhibition of emerging and cutting-edge water efficiency products and services, featuring appliances, plumbing fixtures, landscape and irrigation equipment, consulting and professional services, software and technology.
- Robyn is currently working with the water retailers in the development and implementation of water efficiency incentive programs and water efficient technologies. This conference will provide information on the challenges to meet current and future water supply demand through improved efficiency by bringing together diverse disciplines to enhance mutual understanding of urban water efficiency policy, programs and products.

FUNDING:
Conference costs include a $465 registration cost, $100 workshop fee for Water Conservation and another for Benefit-Cost Analysis, plus travel, lodging and miscellaneous expenses for a total of approximately $1,500. Funds are budgeted in the Water Enterprise Fund (52).

RECOMMENDED ACTION:
Adopt attached Resolution approving out-of-state travel and the reimbursement of actual and necessary expenses associated with Robyn Navarra's attendance at the WaterSmart Innovation 2011 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

Authorization for Out-of-State Travel Expense Reimbursement to Attend the WaterSmart Innovation 2011 Conference in Las Vegas, Nevada

WHEREAS, Robyn Navarra requests to attend the WaterSmart Innovation 2011 Conference in Las Vegas Nevada;

BE IT RESOLVED, that out-of-state travel to attend the WaterSmart Innovation 2011 Conference in Las Vegas Nevada, October 4-7, 2011, is hereby approved and reimbursement of actual and necessary expenses associated with the attendance of Robyn Navarra is 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 Alameda County Flood Control and Water Conservation District on

September 21, 2011 ______________________________

By ____
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES / GINGER STATON

AGENDA DATE: September 21, 2011 ITEM NO. 6a

SUBJECT: Staffing Update: Congratulations to Retiree

SUMMARY:

Continuing our practice of advising the Board of Directors on staffing changes, we are recognizing the name and service time for the following employee who has retired from Agency service.

Retirement of Vince Cirelli, Water Plant Operator III

We would like to recognize Vince Cirelli, Water Plant Operator III who retired from the Agency on September 16, 2011, after over 21 years of service.

Vince came to Zone 7 in July 1990 as a Water Plant Operator II with his Grade 2 treatment license after working as an operator for the City of San Mateo. He was promoted to the Water Plant Operator III position in March of 1992. During his tenure he received his Grade 4 treatment license and worked primarily at the Patterson Pass Water Treatment Plant. Due to Vince's exemplary service and operator skills, he was nominated for and received the Operator of the Year Award from the American Water Works Association (AWWA) in 2009.

We hope you will join us in wishing the best to Vince in his retirement.

RECOMMENDED ACTION:

Adopt the attached resolution acknowledging service to the Agency of Vince Cirelli.

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

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

WHEREAS, Vincent F. Cirelli served the citizens of the Livermore-Amador Valley since his employment with the Zone 7 Water Agency began in July 1990; and

WHEREAS, Mr. Cirelli, has served as an important contributor to the success of the Agency throughout his service with Zone 7; as a Water Plant Operator; and

WHEREAS, Mr. Cirelli, has been instrumental in the composing and revising of many procedures crucial to the operation of Zone 7's water treatment facilities; and

WHEREAS, Mr. Cirelli, has several of the current and past operations staff indebted to him for the excellent training he has provided on the operation of Zone 7's facilities; and

WHEREAS, Mr. Cirelli, has been recognized by the Alameda County Board of Supervisors for his exemplary service to the citizens of Alameda County; and

WHEREAS, Mr. Cirelli, has been recognized with a meritorious award presented by the American Water Works Association as their Operator of the Year for his industry knowledge, work ethic, professionalism and troubleshooting abilities; and

WHEREAS, Mr. Cirelli retired from Zone 7 service effective September 16, 2011;

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby acknowledge, commend, and thank Mr. Cirelli for his fine public service to Zone 7 Water Agency and the people of the Livermore-Amador Valley.

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 21, 2011 ______________________

By ______________________________
President, Board of Directors

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: September 21, 2011 ITEM NO. 6b

SUBJECT: New Employee Introduction

SUMMARY:

We are introducing one new employee to the Board of Directors who joined the Zone 7 team since our last Board meeting.

Aaron Webster, Instrument Technician II

Aaron Webster joined Zone 7 on Monday, August 22, 2011 as an Instrument Technician working for the Maintenance Section. Aaron is located at the Del Valle Water Treatment Plant reporting directly to Tim Brown. Aaron comes to Zone 7 with almost 10 years of technician experience including installation, maintenance, and repair of instruments and control equipment, repair and upgrade of a recycled water distribution control system, and maintenance of various large machines. Most recently, Aaron worked for the City of San Jose as an Instrumentation Technician. He holds an Associate's degree in Electrical Power Engineering from Mid State Technical College.

Please join us in welcoming Aaron to the Zone 7 team!

RECOMMENDED ACTION:

Information only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: September 21, 2011 ITEM NO: 6c

SUBJECT: Employee of the Month Recognition

SUMMARY:

The Employee Recognition Program Nomination Committee met in August and selected the Employee of the Month for July 2011 according to the established Program Guidelines. The individual chosen out of the submitted nominations was then recommended to Management for approval and there was a subsequent announcement of the selection to all Agency employees.

Amparo Flores, Associate Civil Engineer, has been chosen from among those nominated as the July 2011 Employee of the Month. Amparo has most recently worked in the Water Supply Engineering Section based at the North Canyons Office for the past two years after having left us to earn her PhD. According to the recommendation the committee received, Amparo shows great initiative, takes on new challenging assignments enthusiastically, works very well with Zone 7 staff and our retailers' staff, and takes her responsibility seriously. Amparo is a fun person to work with, an excellent team player, produces very high quality work and is very efficient in completing assignments, for example, leading the Urban Water Management Plan Update and supporting Water Supply Evaluation. In short, Amparo has a BLUE ATTITUDE. Therefore Amparo is recognized as a valuable employee and an asset to Zone 7.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Amparo Flores as July 2011 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/Tom Rooze

AGENDA DATE: September 21, 2011 ITEM NO. 7

SUBJECT: Project Authorization for Groundwater/Salt Management Plan Updates and Approval of Amendment No.1 to the Contract with Hydrometrics Water Resources, Inc.

SUMMARY:

- Zone 7‟s current Salt Management Plan (SMP) to protect and improve the long-term water quality of the main groundwater basin was approved in 2004. The adoption and implementation of an approved of SMP was required under Provision D.1.c.ii of the San Francisco Bay Regional Water Quality Control Board‟s "Master Water Recycling Permit," Order No. 93-159.
- In 2005, Zone 7 prepared and adopted the Groundwater Management Plan (GWMP) and incorporated the SMP into the GWMP since it dealt with managing the groundwater basin‟s water quality.
- In 2009, the State Water Resource Control Board (SWRCB) adopted a new Recycled Water Policy (SWRCB Res No. 2009-0011) that mandated that basins where recycled water was to be used were required to have Salt and Nutrient Management Plans that include monitoring plans for Constituents of Emerging Concern (CEC). The policy requires plans to be completed by May 2014.
- Since Zone 7‟s currently approved SMP does not address nutrient management and the CEC monitoring, an update of the SMP is necessary to satisfy SWRCB‟s Recycled Water Policy requirements.
- The SMP Update will also provide an opportunity to re-evaluate the salt management strategies included in 2004 SMP and perform more rigorous analysis of the basin implications of the water supply portfolios identified in Zone 7‟s 2011 Water Supply Evaluation. Because the SMP was incorporated into our GWMP, staff recommends updating the GWMP and SMP as a single effort.
- The Update effort is anticipated to take approximately 2.5 years and include stakeholder involvement and the appropriate CEQA actions. The update is estimated to cost approximately $1.45 million, including an estimated $500,000 for CEQA analysis assuming the need for preparation of an EIR.
- The majority of the project will be completed by in-house staff; however, the GW model improvement effort will require consultant expertise and additional computer-processing capabilities, estimated to be approximately $200,000. HydroMetrics Water Resources, Inc. (HydroMetrics) was retained earlier to assist staff in planning the groundwater model improvements. Staff recommends amending the current contract to provide additional support services.

FUNDING:
The project will be funded 70% from Fund 72 –Renewal Replacement\System-Wide Improvements, and 30% Fund 73 – Expansion. Project expenses are estimated at $1,450,000 over a three year period. An appropriation of $400,000 is requested for FY11/12, $280,000 from Fund 72 and $120,000 from Fund 73.

RECOMMENDED ACTION:
Adopt the attached resolution to: 1) Authorize the project and additional appropriation of $400,000, $280,000 from Fund 72 and $120,000 from Fund 73, for FY11/12 project expenses; and 2) Authorize the general manager to negotiate and execute an amendment to the contract with HydroMetrics to perform the remaining tasks within the attached scope-of-work, and to increase the total contract to a not-to-exceed amount of $200,000.

ATTACHMENTS:

- Memo providing additional background and discussion
- Zone 7 Board Resolution

Interoffice Memo

Date: September 21, 2011
To: Jill Duerig, General Manager
From: Tom Rooze, Associate Geologist, Groundwater Section
Matt Katen, Principal Geologist, Groundwater Section
Subject: Project Authorization for Groundwater/Salt Management Plan Updates and Approval of Amendment No.1 to the Contract with Hydrometrics Water Resources, Inc.

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

BACKGROUND:

Between 1998 and 2004, Zone 7 developed a Salt Management Plan (SMP) to address the increasing concentrations of salt in the groundwater supplies, and to protect the long-term water quality of the Main Basin into the future. The adoption and implementation of an approved SMP was required under Provision D.1.c.ii of the San Francisco Bay Regional Water Quality Control Board‟s “Master Water Recycling Permit,” Order No. 93-159. For this effort, Zone 7 used several tools to evaluate salt loading, including spreadsheet and numeric flow and transport models. The Mocho Groundwater Demineralization Plant (MGDP) was one of the salt management strategies that were selected in the SMP.

In 2005, Zone 7 prepared and adopted a Groundwater Management Plan (GWMP). It consisted mostly of a compilation of all of Zone 7‟s current groundwater management policies, programs, and practices, but also provided basin management objectives and included stakeholders and the public during its adoption process. The SMP was incorporated into the GWMP since it dealt with managing the groundwater basin‟s water quality. No CEQA analysis was conducted for the adoption of the GWMP because the plan was viewed as a continuation of the basin management practices that Zone 7 employed over the last 30 years. However, a mitigated negative declaration was prepared for the MGDP project in 2006.

In 2009, the State Water Resource Control Board adopted a new Recycled Water Policy (SWRCB Res No. 2009-0011) that mandated that for basins where recycled water was to be used, a Salt and Nutrient Management Plan that included plans for Constituents of Emerging Concern (CEC) monitoring was required. The plans are to be completed by May 2014, and include collaboration from local water, wastewater, and contributing stakeholders. Zone 7‟s current SMP does not address nutrient management nor the CEC monitoring requirements.

For Zone 7‟s 2011 Water Supply Evaluation (WSE) effort, staff calculated the future salt loading impacts/benefits of potential future water supply strategies (portfolios) using an updated version of the spreadsheet model previously developed as part of the SMP. The WSE recommended that as part of the forthcoming SMP update, a more rigorous analysis be performed to identify potential implications of each portfolio. Zone 7 Retailers, which were actively consulted during the preparation of the WSE, expressed a desire to be involved with the SMP update, particularly with the salt management strategies involving increased recycled water use over the Main Basin.

In September 2011, Hydrometrics Water Resources Incorporated (HydroMetrics) of Oakland, California was retained to help staff plan the software upgrades and re-calibration effort that would make Zone 7‟s groundwater flow and transport model more functional and produce more reliable results. Under this contract, they are also charged with helping staff migrate our existing model software to a newer version of MODFLOW and improving how areal recharge is calculated. The initial contract for this work was for a not-to-exceed amount of $19,880. HydroMetrics helped staff with the last upgrade and re-calibration effort in 2005. They also provided training to Zone 7 staff such that staff is able to set-up and run the model independently.

DISCUSSION:

Since Zone 7‟s currently approved SMP does not address nutrient management and the CEC monitoring plans, an update to the SMP is necessary to satisfy SWRCB‟s Recycled Water Policy requirements. The update will also provide an opportunity to re-evaluate the salt management strategies included in 2004 SMP and further evaluate the salt loading implications of the potential water supply portfolios identified in Zone 7‟s 2011 Water Supply Evaluation.

Because salt management is an element of Zone 7‟s overall groundwater management, and because our SMP was incorporated into our GWMP when it was written, staff recommends combining the two plan update efforts into a single effort. The effort is anticipated to take approximately 2.5 years and include stakeholder involvement and the appropriate CEQA actions. The goals and objectives of the combined GWMP/SMP update effort are to:

- Analyze the groundwater basin sustainability (quantity and quality) with respect to the various WSE „portfolios‟;
- Re-evaluate options for halting salt buildup in groundwater and plan their implementation;
- Evaluate impacts\benefits of expanding recycled water use;
- Develop an optimized strategy and plan for managing the groundwater basin;
- Create a map showing the Main Basin‟s recharge areas for consideration of additional management measures for groundwater protection purposes;
- Satisfy the requirements of the State‟s Recycled Water Policy;
- Provide the necessary CEQA analyses; and
- Develop a rigorous set of analytical tools that can be used to evaluate the salt loading (or reductions) of future projects;

Through the use of the groundwater model for other projects, staff has identified several shortcomings of the model that staff would like to correct or improve upon before using this valuable analytical tool for the GWMP/SMP update. They include:

- Model layer depths may not match the geologic depths where new wells have been drilled;
- A significant amount of geologic and groundwater data has been collected and analyzed since the model was last calibrated in 2005;
- Since the model is configured so that all of the lower zone aquifers are modeled as one layer, the 2005 calibration effort could not resolve the vertical TDS concentration gradient that exists in the

lower zone aquifers. Therefore the model could only be calibrated using available groundwater flow data;

- The version of MODFLOW used by Zone 7 is not compatible with any of the available optimization software packages;
- In some cases, the lakes and arroyos are modeled as injection wells and drains instead of lakes and streams;
- The model does not account for the clay „overburden" (confining cap) present in western portion of the Main Basin; and

In order to complete the SMP\GWMP Update by the February 2014 target, the modifications to the model need to be completed within the next year. While staff can routinely set-up and run the model, Zone 7 does not yet have the expertise or computing power in-house to modify the model and calibrate it. Staff also requests assistance in selecting the appropriate software upgrades that would be appropriate for our project goals. The existing contract with HydroMetrics will address:

- Evaluating and planning the model modifications;
- Developing a better approach for inputting areal recharge into the model; and
- Converting our existing MODFLOW-SURFACT model to the new MODFLOW-NWT version.

These initial three tasks are described more fully in the attached scope-of-work (Phase I, Tasks 1-3) along with other tasks that Hydrometrics has proposed as a result of our project planning discussions. Staff recommends that Zone 7 contract with HydroMetrics to complete Tasks 4 through 9 (Phases II and III in the attached scope-of-work).

Having provided invaluable help on some of our previous groundwater modeling projects, HydroMetrics is already familiar with Zone 7"s groundwater model and understands our model"s limitations. They provide specialized expertise and computer-processing capabilities that are not available in-house, and they have the available resources to continue working on the project without delay. HydroMetrics" billing rates are consistent with other modeling consultant rates. During this previous effort, they were very cooperative in having our staff do some of the basic task work and to training our staff to set-up and run the model without any further assistance from them to limit outside expenses.

PROJECT COSTS AND SCHEDULE:

The GWMP/SMP Update project is estimated to cost $1.45 million, including an estimated $500,000 for CEQA analysis, assuming preparation of an Environmental Impact Report (EIR) is necessary. The majority of the project will be completed by in-house staff; however, the model upgrade effort will require consultant expertise and additional computer-processing capabilities (approximately $200,000).

The project is scheduled to be completed by February 2014, and is anticipated to have the following expense schedule:

Fiscal Year	Total
2011/12	$400,000
2012/13	$745,000
2013/14	$300,000

The scope and schedule for this project was not anticipated during the preparation of the fiscal year (FY) 11/12 budget, therefore funding was not included in the FY 11/12 budget adopted by the Board earlier this year. Consequently, staff is requesting the appropriation of $400,000, $280,000 (70%) from Fund 72 –Renewal Replacement\System-Wide Improvements, and $120,000 (30%) from Fund 73 – Expansion, to cover expenses for FY11/12 in order to meet the project schedule. The expenses for FY12/13 and FY13/14 will be included in the proposed Capital Improvement Plan and future budgets.

Attachment: HydroMetrics Inc.‟s proposed scope-of-work

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

RESOLUTION NO

INTRODUCED BY
SECONDED BY

Resolution Authorizing Groundwater/Salt Management Plan Updates and Contract Amendment No.1 to the Contract with Hydrometrics Water Resources, Inc.

WHEREAS, Zone 7‟s current Salt Management Plan (SMP) to protect and improve the long-term water quality of the Main Groundwater Basin was approved in 2004; and

WHEREAS, adoption and implementation of an approved SMP was required under Provision D.1.c.ii of the San Francisco Bay Regional Water Quality Control Board‟s "Master Water Recycling Permit," Order No. 93-159; and

WHEREAS, Zone 7 prepared and adopted the current Groundwater Management Plan (GWMP) in 2005 incorporating the SMP since it dealt with managing the groundwater basin‟s water quality; and

WHEREAS, the State Water Resource Control Board (SWRCB) adopted a new Recycled Water Policy (SWRCB Res No. 2009-0011) in 2009 that mandated the adoption of Salt and Nutrient Management Plans by May 2014 that included provisions for monitoring of Constituents of Emerging Concern (CEC) for basins where recycled water was to be used; and

WHEREAS, Zone 7‟s currently approved SMP does not address nutrient management and the CEC monitoring requirements; and

WHEREAS, in addition to satisfying SWRCB‟s new Recycled Water Policy requirements, the SMP update will provide opportunity to re-evaluate the salt managements strategies included in 2004 SMP, and perform more rigorous analysis of the potential groundwater quality implications of the water supply portfolios identified in Zone 7‟s 2011 Water Supply Evaluation; and

WHEREAS, updating the GWMP and SMP as a single effort will be more efficient and effective since the SMP is incorporated in the GWMP; and

WHEREAS, an improved groundwater model, modified and calibrated based upon the additional basin information collected since its last update in 2005, and utilizing a newer version of MODFLOW will be a more effective tool for analyzing the potential groundwater basin management strategies; and

WHEREAS, HydroMetrics Water Resources, Inc. of Oakland, California is familiar with Zone 7‟s GW model issues and is well qualified to perform the groundwater model modifications and calibration necessary for the GWMP/SMP Update project.

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 authorizes the updating of Zone 7‟s Groundwater Management Plan and Salt Management Plan; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District authorizes the appropriation of $280,000 from Fund 72 and $120,000 from Fund 73 for the project expenses in Fiscal Year 2011/12; and

BE IT FURTHER RESOLVED that the General Manager be authorized to negotiate and execute a contract amendment to the contract with HydroMetrics Water Resources, Inc. to assist staff in performing GW model improvements, and to increase the contract to a not-to-exceed amount of $200,000.

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 21, 2011

By____
President, Board of Directors

519 17th Street, Suite 500
Oakland, CA 94612

Mr. Tom Rooze
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

September 2, 2011

Subject: Scope for Groundwater Model Update

Mr. Rooze:

We appreciate the opportunity to provide this scope of work for updating the Zone 7 groundwater model. Our work will add new capabilities to the model and incorporate new data into the model. These improvements will provide important benefits as the model is used to support the planned updates of the groundwater management and salt and nutrient management plans. The tasks are designed to produce a model that is defensible and have the capabilities requested by Zone 7 staff. This scope will also identify the tasks to be performed by Zone 7 staff and other assumptions.

Based on conversations with you and other Zone 7 staff, we have divided our scope of work into three phases. The first phase entails updating the existing model with new data and transferring the model to the newest MODFLOW model. The second phase entails adding new features: particularly new lake and stream modeling features. These new features will allow Zone 7 to simulate both water flow and salt transport between the groundwater basins and the streams and lakes in the basin. The third phase entails recalibrating the new model with the new features and updated data; practicing optimization; and producing the report of the model update.

PHASE I: EVALUATE CURRENT MODEL, UPDATE RECHARGE AND TRANSFER TO MODFLOW-NWT

TASK 1: PLANNING AND EVALUATION

A number of suggestions for updating the Zone 7 groundwater model have been proposed in various documents developed by HydroMetrics LLC and the Zone 7 Water Agency, among others. Prior to initiating any changes, all of the suggested updates will be reviewed and prioritized. HydroMetrics WRI will meet with Zone 7 staff to review the expected benefit from each model proposed model modification. An expected level of effort will be assigned to each proposed modification. At the conclusion of the meeting, the model modifications will be ranked, and a plan for updating the groundwater model will be developed.

TASK 2: UPDATE AREAL RECHARGE

Areal recharge is one of the most important inputs to the Zone 7 groundwater model. The distribution of areal recharge is currently estimated using a spreadsheet that is based on the Thiessen polygons developed by the California DWR in 1974.

This task will commence by working with Zone 7 to agree on the approach to update areal recharge. We will mutually develop an approach that maximizes the recharge accuracy and refines the areal distribution of recharge; while acknowledging the constraints of available data, staff resources, and consultant resources. The task includes one meeting with Zone 7 staff to develop the approach. After the approach is agreed upon, Zone 7 staff will update the areal recharge numbers. This will be performed outside of MODFLOW if the existing spreadsheet approach is used. If a different approach is used, we will provide guidance to Zone 7 staff to produce areal recharge numbers in a format for model import.

TASK 3: CONVERT MODEL FROM MODFLOW-SURFACT TO MODFLOW-NWT

The current Zone 7 groundwater model is based on the MODFLOW-SURFACT code: a proprietary code with limited ability to implement the model capabilities required by Zone 7. These capabilities include implementing transport in streams and lakes (see Task 4) and using other post-processing tools, such as Groundwater Vistas optimization (see Task 7). The principal reason

MODFLOW-SURFACT was originally selected by Zone 7 was that it had superior numerical advantages over the USGS MODFLOW model. The USGS has recently developed a new version of MODFLOW called MODFLOW-NWT with numerical capabilities generally comparable to those in MODFLOW-SURFACT. Switching from MODFLOW-SURFACT to MODFLOW-NWT therefore has little numerical disadvantage; and allows Zone 7 to take advantage of the greater number of features and supporting programs developed for MOFLOW. Because of these benefits, we propose converting the existing model to MODFLOW-NWT. We will test the converted model to ensure that it is generally similar to the MODFLOW-SURFACT model, acknowledging that there will be some differences due to the different codes.

PHASE II – REVISE AND ADD MODEL FEATURES

Based on the outcome of the planning and evaluation task (Task 1) we will revise existing model features and add new features as necessary. The final list of model modifications will be developed in Task 1. For planning purposes, we currently anticipate two modifications to the existing model.

TASK 4: RE-LAYER THE MODEL

We will modify the layering of the model to achieve two outcomes. The first purpose of modifying the model layering is to address possible salt migration delays due to clay overburden area in the southwestern portion of the basin. Zone 7 staff identified this as an important process that should be addressed in the updated in the model. The second purpose is to add the necessary refinement for salt transport modeling. Accurate salt transport modeling generally requires more model layers than groundwater flow modeling. Layers that represent the basin's gross hydrostratigraphy may be too thick to accurately represent the depth variation of salt concentrations.

TASK 5: INCORPORTAE STREAMS, LAKES, AND ARROYS INTO THE MODEL

Streams (arroyos) and lakes (former gravel pits known as Chain of Lakes) are likely important features for moving salt into and around the basin. The current model does not explicitly simulate stream routing or lake water budgets. We will identify and implement the best method for incorporating streams, lakes, and arroyos in the groundwater model. This will allow direct simulation of flow interactions between the groundwater and surface water features. These flow simulation methods may not directly link with the salt transport model that will most likely be used by Zone 7. Therefore, we will write the code for linking the flow and transport models for Zone 7 as part of this task.

PHASE III – CALIBRATE AND OPTIMIZE THE NEW MODEL

Based on the outcome of the planning and evaluation task (Task 1) we will potentially need to recalibrate the groundwater model and perform initial optimization simulations. The final list tasks included under Phase III developed in Task 1. For planning purposes, we currently three calibration and optimization tasks. The final reporting task will be included in our scope of work; however the scope of the reporting task may change based on the final list of model modifications and calibration tasks.

TASK 6: INCLUDE NEW CALIBRATION DATA

We will add new data for model calibration. Some of these data have been collected since the last calibration. Some of these data are added to calibrate new improvements to the model, such as the streams and lakes package. The new data to be compiled by Zone 7 staff and included in the model are:

1. New aquifer test data
2. Recent monitoring well data
3. Historical and recent streamflow data
4. Refined salt loading estimates

TASK 7: CALIBRATE MODFLOW-NWT FLOW AND TRANSPORT MODEL

The flow and transport model will be calibrated to water level elevations, salt concentrations, streamflow data, and other data added in Task 5. The PEST software will be used to calibrate hydrologic parameters that vary smoothly over the basin area similar to the previous calibration. Calibration will be judged on both visual inspection of groundwater hydrographs and chemographs; as well as statistical analysis of model results. Calibration will continue until both Zone 7 staff and the consultant staff agree that the model results are adequate for updating the groundwater management plan and the salt and nutrient management plans.

TASK 8: PERFORM INITIAL OPTIMIZATION RUNS

Zone 7 staff is interested in using the updated groundwater model to optimize pumping and recharge in the basin. Basin management guided by model optimization will be an ongoing function of the groundwater model; and therefore most of the optimization simulations will be completed by Zone 7 staff. We will work closely with Zone 7 staff to perform one initial optimization to demonstrate model capabilities. This task includes one meeting with Zone 7 staff. This will sufficiently familiarize Zone 7 staff with the techniques needed for future optimization.

TASK 9: PRODUCE REPORT

Articulate and thorough model reports serve as both a record of the model's development, and as reference documents for future model users. At a minimum, the model documentation should include the information outlined by authors such as Anderson and Woessner (1992), and the Murray-Darling Basin Commission (2000). We will provide Zone 7 with draft and final numerical model reports. Our documentation will include a discussion of data adequacy, provide suggestions for strengthening the existing data set, and present guidelines for regularly updating and improving the model. We will write a report that documents the changes to the model, the calibration, and the initial optimization run.

An electronic draft of the modeling report will be provided to Zone 7 staff for their comments. All comments will be incorporated into the final report as appropriate. Five bound copies and one electronic copy of the final modeling report will be delivered to Zone 7.

Budget

Our proposed budget for completing the tasks listed above is shown on the attached table. The budget has been divided by phase as requested.

Task #	Hours			Labor Cost			Direct Cost	Total Cost
	Cameron	Derrik	Georgina	Cameron	Derrik	Georgina		
Phase I								
1. Planning and Evaluation	6	6	0	$960	$1,140	$0	$40	$2,140
2. Update Recharge	26	6	0	$4,160	$1,140	$0	$40	$5,340
3. Transfer to MODFLOW	60	8	8	$9,600	$1,520	$1,280	$0	$12,400
Phase I Total								$19,880
Phase II								
4. Re-layer model	80	8	32	$12,800	$1,520	$5,120	$0	$19,440
5. Incorporate streams, lakes, and arroyos	200	60	24	$32,000	$11,400	$3,840	$0	$47,240
Phase II Total								$66,680
Phase III								
6. Include new calibration data	40	20	12	$6,400	$3,800	$1,920	$0	$12,120
7. Calibrate MODFLOW Model	240	60	40	$38,400	$11,400	$6,400	$0	$56,200
8. Initial Optimization Runs	60	8	0	$9,600	$1,520	$0	$40	$11,160
9. Produce Report	100	24	80	$16,000	$4,560	$12,800	$475	$33,835
Phase III Total								$113,315
Total	806	194	196	$128,960	$36,860	$31,360	555	$199,875

Schedule

The complete model update and documentation will be completed within one year of our notice to proceed.

If you have any questions, do not hesitate to contact us. We look forward to starting this project immediately.

Sincerely,

Cameron Tana
Vice President, HydroMetrics Water Resources Inc.

Derrik Williams
President, HydroMetrics Water Resources Inc.

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: Finance and Business Services
CONTACT PERSON: Tamara Baptista/John Yue

AGENDA DATE: September 21, 2011 ITEM NO: 8

SUBJECT: Preliminary Treated Water Rate for 2012

SUMMARY:

- On August 29, 2011, the Finance Committee met for a staff presentation of the preliminary treated water rates for calendar year 2012.
- The Finance Committee discussed the alternatives presented and continued the discussions to September 13, 2011.
- On September 13, after further discussions, the Finance Committee directed staff to forward for the Board's discussion a recommendation of a 5% increase of the treated water rate for 2012.
- Staff has prepared a report and presentation recommending a treated water rate of $945 per acre-foot for calendar year 2012, which is a 5% increase.

FUNDING:

The water rate determines the amount of revenue from water sales to operate the Water Enterprise (Fund 52).

RECOMMENDED ACTION:

Receive the presentation, discuss the preliminary treated water rate recommendation and give direction to staff to finalize the 2012 treated water rate for adoption at the October 19, 2011 Board meeting.

ATTACHMENTS:

Memo providing additional background and discussion

M E M O R A N D U M

DATE: September 21, 2011
TO: Jill Duerig, General Manager
FROM: Tamara Baptista and John Yue
SUBJECT: **Preliminary Treated Water Rates for 2012**

SUMMARY:
On August 29, 2011, the Zone 7 Finance Committee received staff's presentation of the preliminary treated water rate for calendar year 2012. Three water rate alternatives were presented with increases over the current 2011 rate of $900 per acre-foot (AF) of 5%, 7.5% and 10%. Representatives of the Tri-Valley Water Retailers Group (TWRG) were in attendance and the Finance Committee heard their respective comments. Prior to the August 29 Finance Committee meeting, staff held a pre-meeting with the TWRG members on August 22 to discuss the elements of the Finance Committee presentation. After discussions, the Committee decided to continue the discussions to September 13, 2011. At the September 13 meeting, the Finance Committee further discussed the alternatives presented and directed staff to forward for the Board's discussion a recommendation of a 5% increase for 2012.

DISCUSSION:
The Agency must generate sufficient revenue from water sales to be able to accomplish its mission of providing a reliable, high quality water supply to meet the demands of its customers. The Board of Directors annually sets the treated water rate at a level to sufficiently provide the resources to meet this objective.

Development of the required water rate takes into consideration the following elements: estimated water sales revenue, estimated operating expenses for fiscal year 2011/12 and fiscal year 2012/13 (based on a preliminary budget), and the funding needs to support Renewal and Replacement/System-wide Improvements.

<u>Estimated Revenue and Funding Need Assumptions</u>

<u>Water Sales Revenue</u>: Water sales to the cities of Pleasanton and Livermore, Dublin San Ramon Services District and California Water Service Company make up the bulk of the Agency's sales volume. Water sales are projected based on the retailers' five-year water delivery requests received in August 2011. For 2012, the retailers' total delivery requests, assuming conservation, were 42,494 AF. Based on historical variances, staff adjusted the retailers' estimate by reducing the volume 10.5% resulting in a projected delivery of 38,214 AF in 2012. For fiscal year ending June 30, 2011, actual deliveries were 79% of retailers' requests.

<u>Operating Expenses</u>: The projected fiscal year 2012/13 operating expense of $33.2 million represents a $0.3 million decrease from fiscal year 2011/12 budget. Accounting for the inflationary effect of the Consumer Price Index (SF) increasing 3.2% (August 2010 to 2011), and

looking at the fiscal year 2012/13 operating expenses, an increase of over $1.3 million in expenses was avoided through cost-savings.

Capital Contribution: A capital contribution to Fund 72 of $5.0 million in fiscal year 2011/12 was adopted by the Board at its annual budget review on April 20, 2011, and a contribution of $6.6 million in fiscal year 2012/13 was adopted as part of the Asset Management Plan Update on June 15, 2011 (see attached resolution). The Asset Management Program, originally developed in 2004, was updated following a thorough work plan which included stakeholders meetings with the retailers on July 29, 2010 and March 24, 2011. With passage by the Board of Resolution No. 11-4092, Acceptance of the Asset Management Plan Update (Attachment 1), the Board resolved to transfer the following amounts from Fund 52 to Fund 72:

$6.6 million in FY12/13;
$8.5 million in FY13/14;
$9.5 million in FY 14/15;
$10.5 million in FY 15/16; and
Beginning in FY16/17 and beyond, $11.4 million (in 2011 dollars) to be adjusted for other sources of revenue, inflation and any future AMP updates.

Reserves: Since 2008, when the economic downturn began, Zone 7 entered a period of deficit spending as water enterprise revenues did not cover operating expenses and Fund 72 capital contributions. Despite the recession and working through three years of very slow recovery, another round of economic uncertainty, spurred by the question on US government creditworthiness, has surfaced in recent weeks. Federal Reserve Bank Chairman Bernanke has publicly announced his intent to keep interest rates at their current low levels for the next two years, indicating recovery from this latest downturn is anticipated to be slow.

Given the continuing economic uncertainty, it is prudent to recognize this pattern of continued deficit spending. A graph showing further detail is attached as Attachment 2. The following summarizes the amount of deficit spending (Use of Reserves) by fiscal year:

FY08/09	$710,582
FY09/10	$2,339,418
FY10/11	$1,206,652 (unaudited)
FY11/12	$2,572,802 (projected based on year-to-date actuals)

Water Rate Scenario Alternatives: Staff will be presenting three scenarios for treated water rates. The first of the three scenarios (Attachment 3, Alternative 1 - 10.0% rate increase in 2012) provides sufficient funding to balance revenue against operating expenses and capital contribution to Fund 72, avoiding any deficit spending so that no additional reserves are used beginning in fiscal year 2012/13 (halfway through calendar year 2012), and maintaining the financial reserves of the water enterprise. The second scenario (Attachment 3, Alternative 2 - 5.0% increase in 2012) continues the deficit spending to minimize water rate increases. The third scenario (Attachment 3, Alternative 3 - 7.5% increase in 2012) is a moderation of the first two scenarios using some reserves but not as much as the prior scenario.

Retailers and Finance Committee

At an August 22, 2011 meeting with the retailers, the discussions focused on the 2011 Asset Management Plan, specifically the Ozonation Project (previously referred to as the Taste and Odor Project). At the August 29, 2011 Finance Committee meeting, the retailers gave a presentation on their comments, concerns and proposal. At the September 13, 2011 Finance Committee meeting, the Finance Committee discussed the alternatives presented and directed staff to forward for the Board's discussion a recommendation of a 5% increase for 2012.

RECOMMENDED ACTION:

Receive the presentation, discuss the preliminary treated water rate recommendation and give direction to staff to finalize the 2012 treated water rate for adoption at the October 19, 2011 Board meeting.

ATTACHMENTS:

1. Resolution - Acceptance of the Asset Management Plan Update
2. Recent Years Revenue, Expenditures and Reserves
3. Treated Water Alternative 1; Alternative 2; and Alternative 3

ATTACHMENT 1

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

RESOLUTION NO 11-4092

INTRODUCED BY DIRECTOR MACHAEVICH
SECONDED BY DIRECTOR QUIGLEY

Resolution for Acceptance of Asset Management Plan Update

WHEREAS, the Asset Management Program was originally developed in 2004 and those efforts were summarized in the October 2004 Asset Management Program Summary Report; and

WHEREAS, Zone 7 has recently updated the Asset Management Program through the Asset Management Program Update Project, which included an update of Zone 7's asset inventory, a revised asset renewal methodology, formalized decision processes, an asset condition assessment and pipeline risk assessment, modified asset classes and corresponding useful life estimates, and a recommendation of an annual funding level to adequately fund this program; and

WHEREAS, Zone 7 has summarized its efforts in updating this program in the 2011 Asset Management Plan Update Report.

NOW, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby accept the Asset Management Plan Update Report with the revised funding recommendations incorporated; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby adopt the recommended funding transfer targets from the Water Enterprise Fund (Fund 52) into the Renewal\Replacement and System-wide Improvements Fund (Fund 72) for the future as follows:

$6,600,000 in Fiscal Year 2012/2013;
$8,500,000 in Fiscal Year 2013/2014;
$9,500,000 in Fiscal Year 2014/2015;
$10,500,000 in Fiscal Year 2015/2016; and

the total annual funding requirement beginning in Fiscal Year 2016/2017 and beyond, is $11,400,000 in 2011 dollars, which will be adjusted for other sources of revenue (e.g., actual interest income and Dougherty Valley Service Area facility use fees), increased for inflation based upon the ENR San Francisco Construction Cost Index and adjusted based on future AMP Updates.

ADOPTED BY THE FOLLOWING VOTE:

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

NOES: NONE

ABSENT: DIRECTOR MOORE

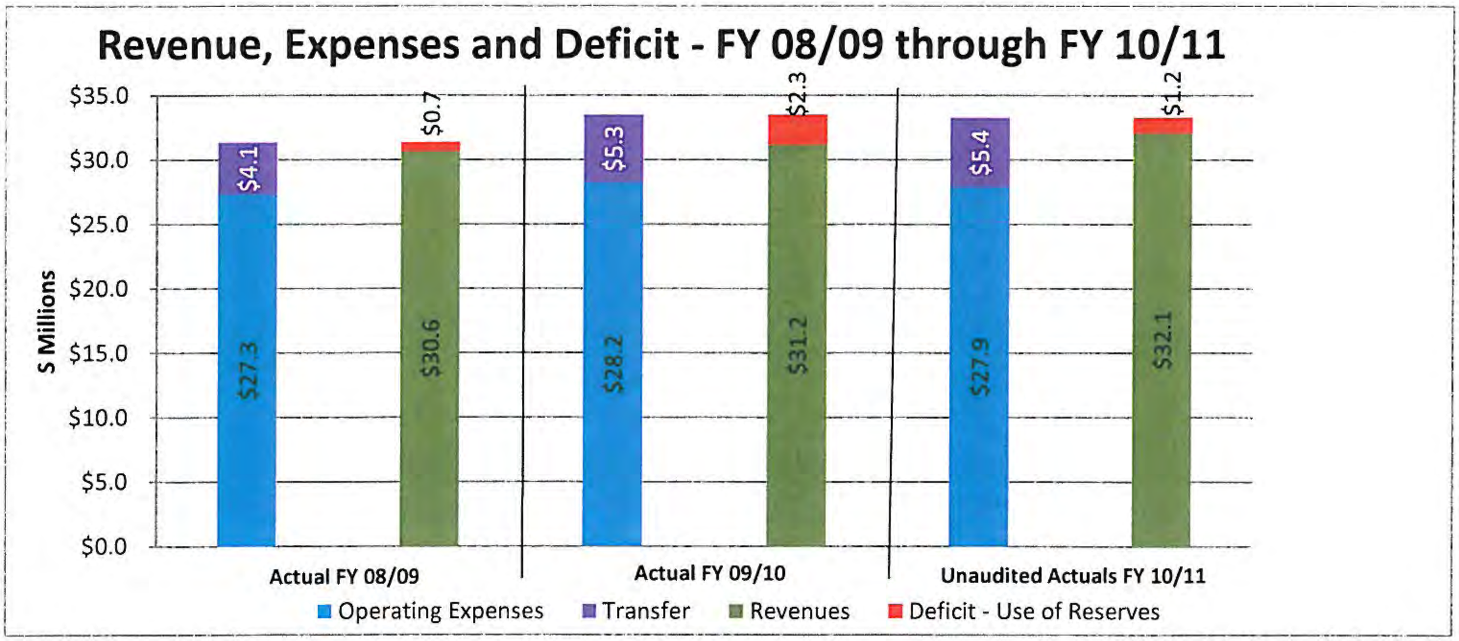
ABSTAIN: NONE

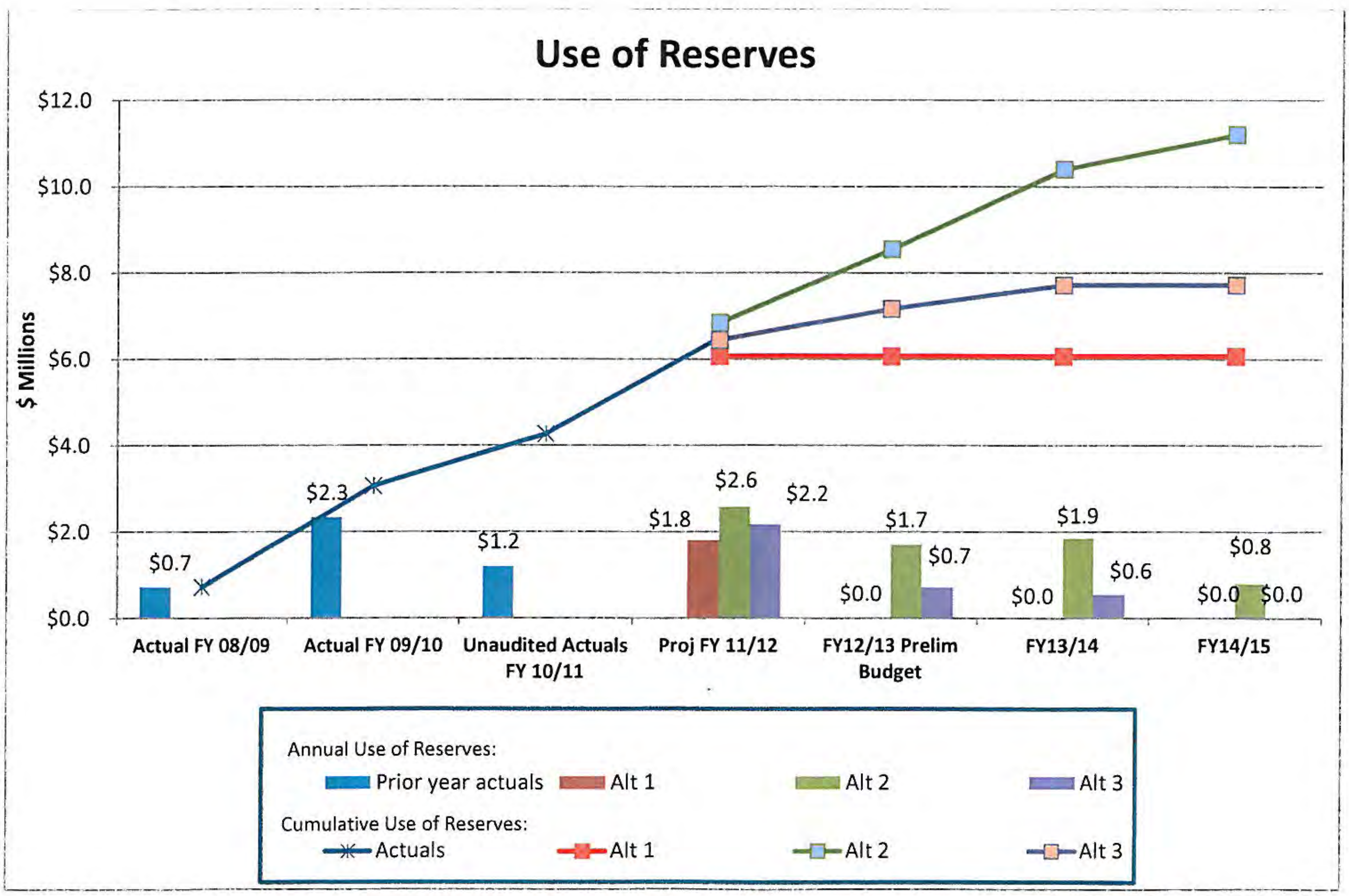
I certify that the foregoing is a correct copy of a resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on

June 15, 2011

By John Greci
President, Board of Directors

ATTACHMENT 2





ATTACHMENT 3

2012 Water Rate Alternatives Summary

ALTERNATIVE 1: 10% - $1.8 million in deficit in 2012; balanced budget beginning in FY 12/13

- Will experience conservation. We used the retailer water delivery request for 2012 - 2016 with their conservation estimates and then further discounted the numbers based on actual experience.
- New Asset Management Plan (AMP) assumptions per the Board resolution dated June 15, 2012.
- Updated unaudited actuals for FY 10/11 and retailer water delivery requests.
- This alternative results in water sales revenue covering both the operating expenses and the transfer to Fund 72 - Renewal/Replacement & System wide Improvement.
- This alternative shows we need the following water rate increases:

Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Rate per A/F	$900	$990	$1,057	$1,131	$1,142	$1,236	$1,338	$1,338	$1,418
Increase	2.50%	10.00%	6.75%	7.00%	1.00%	8.25%	8.25%	0.00%	6.00%

	FY10/11 Unaudited actuals	FY11/12 Budget	FY12/13 Preliminary Budget	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Beginning Fund Balance	21,117,665	19,911,013	18,114,012	18,114,012	18,114,012	18,114,011	18,114,012	18,114,012	18,114,013
Treated Water Revenue	31,150,747	36,254,137	39,213,729	41,825,555	43,764,568	45,669,254	49,464,062	51,676,843	53,126,179
Other Revenue	918,533	535,079	646,455	819,520	992,622	1,165,761	1,169,647	1,173,572	1,177,536
Total Sources	32,069,280	36,789,216	39,860,184	42,645,075	44,757,190	46,835,015	50,633,709	52,850,415	54,303,715
Operating Expenses	27,861,042	33,542,069	33,240,835	34,131,366	35,206,512	36,318,795	37,468,889	38,623,470	39,791,295
Transfer to Fund 72	5,414,890	5,044,148	6,619,349	8,513,709	9,550,678	10,516,220	13,164,820	14,226,945	14,512,420
Total Uses	33,275,932	38,586,217	39,860,184	42,645,075	44,757,190	46,835,015	50,633,709	52,850,415	54,303,715
Ending Fund Balance	19,911,013	18,114,012	18,114,012	18,114,012	18,114,011	18,114,012	18,114,012	18,114,013	18,114,013
Net Additions/(Uses) of Funds	(1,206,652)	(1,797,001)	0	(0)	(0)	0	0	0	0
Total Reserves	12,333,506	11,708,414	11,648,167	11,826,273	12,041,302	12,263,759	12,493,778	12,724,694	12,958,259
Designated	0	0	0	0	0	0	0	0	0
Available Fund Balance	7,577,506	6,405,598	6,465,845	6,287,739	6,072,709	5,850,253	5,620,234	5,389,319	5,155,754
Total Reserves + Fund Balance	19,911,013	18,114,012	18,114,012	18,114,012	18,114,011	18,114,012	18,114,012	18,114,013	18,114,013

ATTACHMENT 3

2012 Water Rate Alternatives Summary

ALTERNATIVE 2: 5% - $2.6 million deficit in 2012; deficit spending until 2016

Assumptions:
- Same assumptions as Alternative 1 above, except for:
- This alternative takes Alternative 1 and uses reserves. (Water Sales revenues do not cover the funding requirement for both the operating expenses and the transfer to Fund 72 - Renewal/Replacement & System-Wide Improvements.

Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Rate per A/F	$900	945	1,011	1,082	1,158	1,239	1,320	1,373	1,414
Increase	2.50%	5.00%	7.00%	7.00%	7.00%	7.00%	6.50%	4.00%	3.00%
	FY10/11 Unaudited	FY11/12 Budget	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Beginning Fund Balance	21,117,665	19,911,013	17,338,211	15,632,820	13,780,080	12,941,172	13,056,725	13,056,725	12,665,548
Treated Water Revenue	31,150,747	35,480,303	37,484,314	40,026,525	43,011,392	46,057,062	49,216,938	51,901,691	53,795,314
Other Revenue	918,533	533,112	651,130	752,100	856,213	877,285	1,030,774	1,029,286	1,037,233
Total Sources	32,069,280	36,013,415	38,135,444	40,778,625	43,867,605	46,934,347	50,247,712	52,930,977	54,832,547
Operating Expenses	27,861,042	33,542,069	33,240,835	34,131,366	35,206,512	36,318,795	37,468,889	38,623,470	39,791,295
Transfer to Fund 72	5,414,890	5,044,148	6,600,000	8,500,000	9,500,000	10,500,000	13,170,000	13,970,000	14,450,000
Total Uses	33,275,932	38,586,217	39,840,835	42,631,366	44,706,512	46,818,795	50,638,889	52,593,470	54,241,295
Ending Fund Balance	19,911,013	17,338,211	15,632,820	13,780,080	12,941,172	13,056,725	12,665,548	13,394,231	13,256,800
Net Additions/(Uses) of Funds	(1,206,652)	(2,572,802)	(1,705,391)	(1,852,741)	(838,907)	115,552	(391,177)	337,507	591,252
Total Reserves	12,333,506	11,708,414	11,648,167	11,826,273	12,041,302	12,263,759	12,493,778	12,724,694	12,958,259
Available Fund Balance	7,577,506	5,629,797	3,984,653	1,953,807	899,870	792,966	171,770	278,361	636,047
Total Reserves + Fund Balance	19,911,013	17,338,211	15,632,820	13,780,080	12,941,172	13,056,725	12,665,548	13,003,055	13,594,306

ALTERNATIVE 3: 7.5% - $2.2 million deficit in 2012; deficit spending until 2015

Assumptions:
- Same assumptions as Alternative 1 and 2 above, except for:
- This alternative is the midpoint between Alternative 1 and 2

Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Rate per A/F	$900	$968	$1,041	$1,119	$1,175	$1,234	$1,296	$1,348	$1,388
Increase	2.50%	7.50%	7.50%	7.50%	5.00%	5.00%	5.00%	4.00%	3.00%
	FY10/11 Unaudited	FY11/12 Budget	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Beginning Fund Balance	21,117,665	19,911,013	17,734,747	17,012,640	16,459,248	16,779,689	17,259,286	16,464,106	15,955,638
Treated Water Revenue	31,150,747	35,875,818	38,478,777	41,286,396	44,080,042	46,328,177	48,698,097	50,964,669	52,818,696
Other Revenue	918,533	534,133	639,951	791,578	946,911	970,215	1,145,612	1,120,332	1,097,418
Total Sources	32,069,280	36,409,951	39,118,728	42,077,974	45,026,953	47,298,392	49,843,709	52,085,001	53,916,114
Operating Expenses	27,861,042	33,542,069	33,240,835	34,131,366	35,206,512	36,318,795	37,468,889	38,623,470	39,791,295
Transfer to Fund 72	5,414,890	5,044,148	6,600,000	8,500,000	9,500,000	10,500,000	13,170,000	13,970,000	14,450,000
Total Uses	33,275,932	38,586,217	39,840,835	42,631,366	44,706,512	46,818,795	50,638,889	52,593,470	54,241,295
Ending Fund Balance	19,911,013	17,734,747	17,012,640	16,459,248	16,779,689	17,259,286	16,464,106	15,955,638	15,630,457
Net Additions/(Uses) of Funds	(1,206,652)	(2,176,266)	(722,107)	(553,392)	320,441	479,597	(795,180)	(508,469)	(325,181)
Total Reserves	12,333,506	11,708,414	11,648,167	11,826,273	12,041,302	12,263,759	12,493,778	12,724,694	12,958,259
Available Fund Balance	7,577,506	6,026,333	5,364,473	4,632,975	4,738,387	4,995,527	3,970,329	3,230,944	2,672,198
Total Reserves + Fund Balance	19,911,013	17,734,747	17,012,640	16,459,248	16,779,689	17,259,286	16,464,106	15,955,638	15,630,457

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: Finance and Business Services
CONTACT PERSON: Tamara Baptista and John Yue

AGENDA DATE: September 21, 2011 ITEM NO. 9

SUBJECT: **Preliminary Untreated Water Rate for 2012**

SUMMARY:

- The Untreated Water Rate is based on the cost of State Water Project water transportation variable charges, Byron-Bethany Irrigation District (BBID) water, Del Valle Water Rights, Yuba Dry Year Water Purchase Program, Bay-Delta related costs and an administrative fee based on actual staff costs.
- A rate of $92 per Acre-Foot (AF) is being proposed for 2012.

BACKGROUND/DISCUSSION:

Since 1962, Zone 7 has delivered untreated water via the South Bay Aqueduct (SBA) to untreated water customers for irrigation purposes. The rate is set based on the cost of acquiring the untreated water, Bay-Delta related costs and an administrative fee. The administrative fee calculation is based on the actual time staff spends on the untreated water program and the actual water usage. A program developed by staff tracks and monitors water usage by individual contractors. This program report is part of the Annual Water Operations Report.

The proposed rate of $92 per AF represents a decrease of approximately 5% compared to the current rate (of $97). The decrease is primarily due to a reduction in the volume of water. The attached table lists DWR's costs and other components used to determine the untreated water rate.

RECOMMENDED ACTION:

Discuss the proposed untreated water rate and continue the matter to the October 19, 2011 meeting to set the untreated water rate for 2012.

Zone 7 Water Agency

Preliminary Untreated Water Rate

Calculations for 2012

1) Volume of Treated and Untreated Water to be Delivered to Contractors (in Acre-Foot)		**42,273**
Water Costs	**Dollar Amount**	**Per Acre-Foot**
2. Byron Bethany Irrigation District (BBID) Costs	$502,740	$11.89
3. Yuba Dry Year Water Purchase Program	$60,000	$1.42
4. Del Valle Water Rights	$3,000	$0.07
5. Unit Fixed Cost (2+3+4) ÷ (1)	$565,740	$13.38
6. SWP Transportation Variable Unit Cost	$2,039,093	$48.24
7. Subtotal Unit Cost (5+6)	$2,604,833	$61.62
8. Zone 7 Administrative costs ($199,562.36 ÷ 42,273AF + $21,050.08 ÷ 4,059 AF)	$418,791	$9.91
9. Delta Charge	$845,460	$20.00
10. Total Unit Cost (6+7+8 rounded to nearest dollar)	$3,889,116	$92

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: FINANCE/INTEGRATED PLANNING
CONTACT: JAVIA GREEN/AMPARO FLORES

AGENDA DATE: September 21, 2011 ITEM NO. 10

SUBJECT: 2011 Municipal & Industrial Connection Fee Program Update

SUMMARY:

- Zone 7 Water Agency established the Municipal and Industrial (M&I) Connection Fee Program in 1972 to assess connection fees to new development and fund the Water System Expansion Program, which is required to serve additional water demands generated from new development. A program update is performed periodically to incorporate the most recent data available.
- The Board resolved with the adoption of the 2002 Connection Fee (Resolution No. 02-2450) that the connection fee be updated annually, at a minimum, based on the Engineering News Record Construction Cost Index (ENR CCI), or as warranted to keep pace with inflation.
- The purpose of the 2011 M&I Connection Fee Program Update is to incorporate any revisions to planning projections (e.g., new connections), Zone 7's Capital Improvement Program, and the Board's goals and policies. The planning horizon for this update is from FY 12/13 through FY 39/40 (buildout).
- Staff has determined that the Water System Expansion Program funding requirements are in-line with the existing connection fee. At the October 2011 Board meeting, staff will therefore recommend an inflationary adjustment to the current fees based on the change in the ENR CCI from September 2010 to September 2011 (3.2%). The resulting fees would be $22,930 per 5/8-inch connection (Dwelling Unit Equivalent or DUE) within Zone 7's Alameda County service area and $21,230 for Dougherty Valley to be effective January 1, 2012.
- Staff also evaluated the Dougherty Valley Facility Use Fee. In accordance with the methodology set forth in the agreement between Zone 7 and Dublin San Ramon Services District, the fee is adjusted for inflation based on the change in the ENR CCI between December 1997 and December 2011 (estimated). Staff will recommend increasing the fee to $2,895 per DUE, a 17.7% increase from the previous fee.
- For more details on the 2011 M&I Connection Fee Program Update, the Draft Executive Summary of the forthcoming full report is attached.

FUNDING:

M&I connection fee revenues accrue to Fund 73 – Expansion.

RECOMMENDED ACTION:

Discussion only.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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

ORIGINATING SECTION: FINANCIAL AND SYSTEM SERVICES
CONTACT: JAVIA GREEN

AGENDA DATE: September 21, 2011 ITEM NO. 11

SUBJECT: Draft Fiscal Year 2012/13 Capital Improvement Program:
- 10-Year Water System Plan
- 5-Year Flood Protection Plan

SUMMARY:

- Staff has prepared the Draft Fiscal Year (FY) 2012/13 Capital Improvement Program (CIP) document which identifies the capital projects and programs needed to carry out the goals and policy objectives of the agency. The CIP describes the projects, costs, schedules, and priorities for the next five and ten year periods, starting with FY 12/13 for the Flood Protection and Water Systems, respectively.
- Staff met with the Retailers on August 22, 2011 to provide an overview of the draft CIP. In addition, the Draft CIP Executive Summary was presented to the Zone 7 Finance Committee on August 29, 20011. At the subsequent September 13, 2011 Zone 7 Finance Committee meeting, the committee recommended bringing forward the CIP for discussion at the September 21, 2011 Board meeting and for adoption at the October 19, 2011 meeting.
- A presentation summarizing the Draft FY 2012/13 CIP will be given. No action from the Board is requested at this time as this item is for information and discussion only. Staff will incorporate comments from the Board and the Retailers and bring forward the CIP for adoption at the October 19, 2011 Board meeting.
- The Draft Executive Summary of the forthcoming full report is attached.

RECOMMENDED ACTION:

Information and discussion.

ATTACHMENTS:

Draft FY 12/13 Capital Improvement Program Executive Summary

Zone 7 Water Agency
Fiscal Year 2012/13 Draft Capital Improvement Program – Executive Summary

Prepared by Zone 7 Staff

Draft Version: September 2011

Background

On a biennial basis, Zone 7 Water Agency (Zone 7) prepares a Capital Improvement Program (CIP) document, which outlines the plans for capital projects and programs needed to carry out the goals and policy objectives of the agency. The CIP incorporates the projects, costs, schedules, and priorities for the next five and ten years starting with FY 12/13, for the Flood Protection and Water Systems, respectively.

The last CIP was adopted in October 2009, whereby the Zone 7 Board of Directors (Board) resolved to review and adopt the CIP document on a biennial basis. Since 2009, Zone 7 has undertaken many planning efforts, specifically the Asset Management Program (AMP) Update, 2010 Urban Water Management Plan (UWMP) and Water Supply Evaluation (WSE). Collectively, these studies have identified: 1) the types of renewal/replacement and improvement projects needed maintain a reliable and efficient water system; 2) current and projected demands on our water system and Zone 7's facilities needed to meet such demands and; 3) operational improvements and additional studies that will minimize near-term risks of water supply shortages and maximize long-term flexibility. These studies provided a roadmap for the scope and scheduling of new water system projects recommended in this CIP.

Purpose

This Executive Summary provides an overview of the proposed Water and Flood Protection capital plan, changes since the last CIP, key projects and the financial condition of the various capital funds.

Systems and Sources of Funds

The CIP plans for two Systems (Water System and Flood Protection) and is funded by four sources of funds:

- Water System
    - Expansion – Fund 73 – Connection Fees
    - Renewal/Replacement – Fund 72 – Indirectly from Water Rates
    - System-Wide Improvements – Fund 72 – Indirectly from Water Rates
- Flood Protection
    - General Flood Protection – Fund 50 – Property Taxes
    - Flood Protection and Stormwater Drainage – Fund 76 – Development Impact Fees

Water System CIP Overview

A primary function of the CIP is to provide Zone 7's Executive Staff and Board with a clear and orderly process for planning and budgeting for capital needs and for making informed decisions with regard to project priorities and scheduling.

Various capital projects and programs are needed to ensure a reliable and high quality water supply in accordance with the mission, goals and policy objectives established by the Board. These projects anticipate the need to renew, replace and improve existing infrastructure (paid from Fund 72, Renewal/Replacement and System-Wide Improvements) and to construct new facilities needed to accommodate future growth (Fund 73, Expansion).

For the Ten-Year Water System CIP period (FY 12/13 through FY 21/22), eighty-five Water System projects have been identified totaling $454 million. Projects are categorized into the following eight program areas shown in Table 1.

- Buildings & Grounds
- Groundwater Basin Management
- Program Management
- Regulatory Compliance
- Transmission and Distribution
- Water Supply and Conveyance
- Water Treatment Facilities
- Wells

Table 1 – Water System CIP Breakdown by Program ($ Millions)

Program / Fiscal Year	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	Total
Buildings & Grounds	1.35	1.37	1.93	1.98	2.02	2.07	2.11	0.00	0.00	0.00	12.83
Groundwater Basin Management	0.77	0.32	0.00	0.74	0.00	0.13	0.00	0.13	0.75	0.14	2.98
Program Management	0.79	0.65	0.16	0.47	0.17	0.26	0.19	0.26	0.50	0.28	3.73
Regulatory Compliance	0.17	0.16	0.12	0.13	0.13	0.13	0.14	0.15	0.16	0.16	1.45
Transmission & Distribution	0.00	0.68	0.00	0.06	0.00	0.00	0.28	1.37	4.93	14.25	21.57
Water Supply & Conveyance	18.64	21.59	22.46	22.25	30.08	29.45	24.17	28.04	43.23	27.92	267.84
Water Treatment Facilities	10.97	4.95	5.98	9.97	10.59	7.51	1.83	4.89	15.49	33.05	105.23
Wells	0.33	0.00	0.20	1.89	11.24	18.85	1.64	0.56	1.23	2.58	38.52
Total	**33.02**	**29.73**	**30.85**	**37.49**	**54.23**	**58.39**	**30.37**	**35.40**	**66.29**	**78.38**	**454.15**

The planned FY 12/13 Ten-Year Water System CIP appropriations total $454 million, which is approximately $188 million or about 29% less than the FY 10/11 Ten-Year CIP total of $642 million. This is due to the scheduling of many Expansion projects outside of the ten-year CIP planning horizon as result of the slowdown in growth.

The Table 2 presents the appropriations for the Ten-Year Water System CIP by Fund.

Table 2 - Water System CIP Fund Breakdown

Strategy	Ten-Year Total ($ Millions)	Percentage
Expansion*	$335	74%
Renewal/Replacement	$48	11%
System-Wide Improvements**	$71	16%
Total	**454.15**	**100%**

*Includes $176 million in non-discretionary obligations further described on page four.
**Includes $43 million for ozonation at DVWTP and PPWTP. The total cost is estimated at $54.3 million; in-service date is June 2023.

Fund 73 - Expansion Program

Over the past five years new connections to our water system have slowed significantly from the rapid growth experienced in the early 2000's. Recent demand analysis projects service area build-out sometime between 2035 and 2040, which is ten years later than the previous estimate of 2025-2030. Most major Expansion projects have been deferred correspondingly by 8 to10 years to mirror projected demands on our system. As an example, the Water Supply Evaluation determined that Zone 7 can meet projected maximum day demands through 2022. This allows Zone 7 to defer construction of additional surface water treatment capacity until sometime after 2022. Other major Expansion project deferrals are listed in the Table 3 below.

Table 3 – Changes in Recommended In-Service Dates of Major Expansion Projects

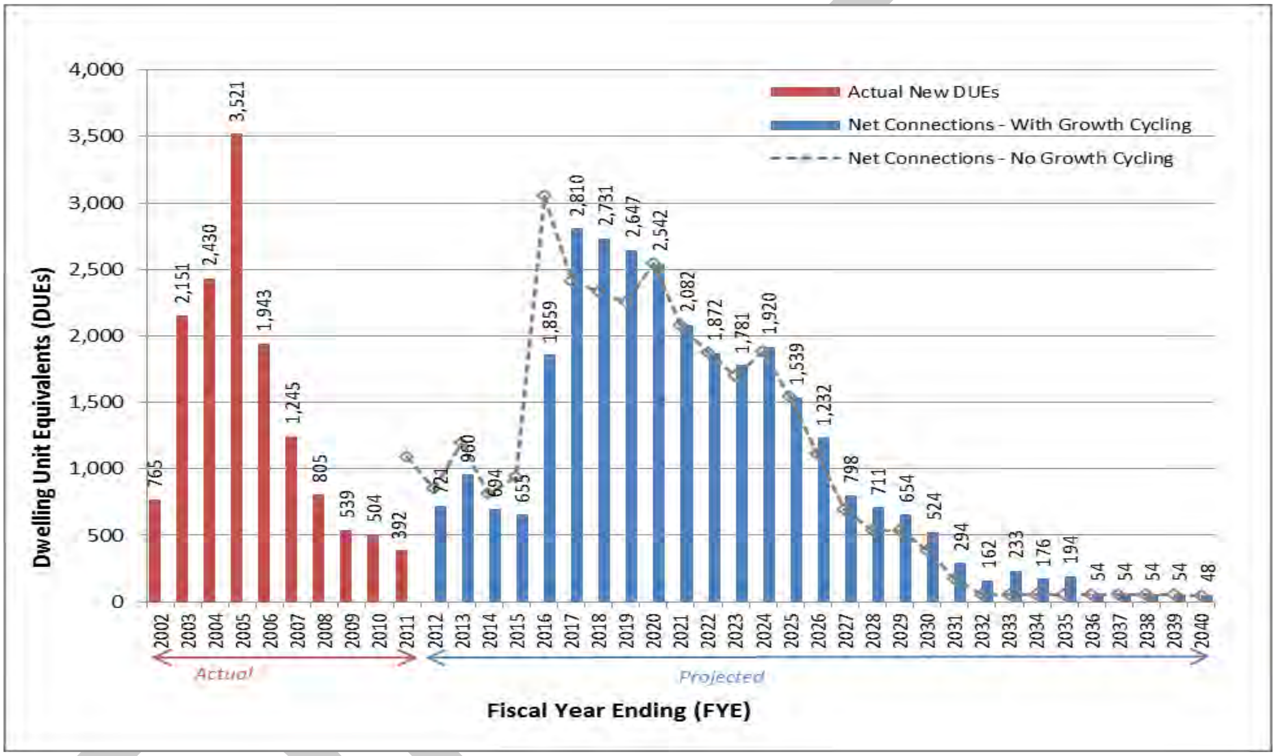
Project	Previous CIP In-Service Date	Recommended CIP In-Service Date
Altamont Water Treatment Plant (24 MGD) Phase 1	2016	Water Treatment Plant Expansion (24 MGD) – 2025
Altamont Pipeline – County Reach	2015	New Transmission System Pipeline – 2025
Chain of Lakes Wells 3, 4 and 5	2016	2019
Bernal Wells 1 and 2	2019	2030
Busch Valley Well 1	2020	2024
Second Demineralization Facility	2018	2028

Fund 73 - Expansion Program Funding

Concurrent with the development of this CIP, staff also completed an update to the current Treated Water Connection Fee Program. The Treated Water Connection Fee Program was established to ensure that Zone 7 is able to fund the necessary projects within Zone 7's Water System Expansion Program, which serves the demands of new growth over the next 30 years (2011-2040).

Based on connection and water demand projections provided by the Retailers, staff developed a valley-wide projection of connections through build-out. Actual connections from FY 01/02 through FY 10/11, and projected connections from FY 11/12 through build-out are shown in Figure 1.

Figure 1 – Actual and Projected Net Connections with and without Growth Cycling*



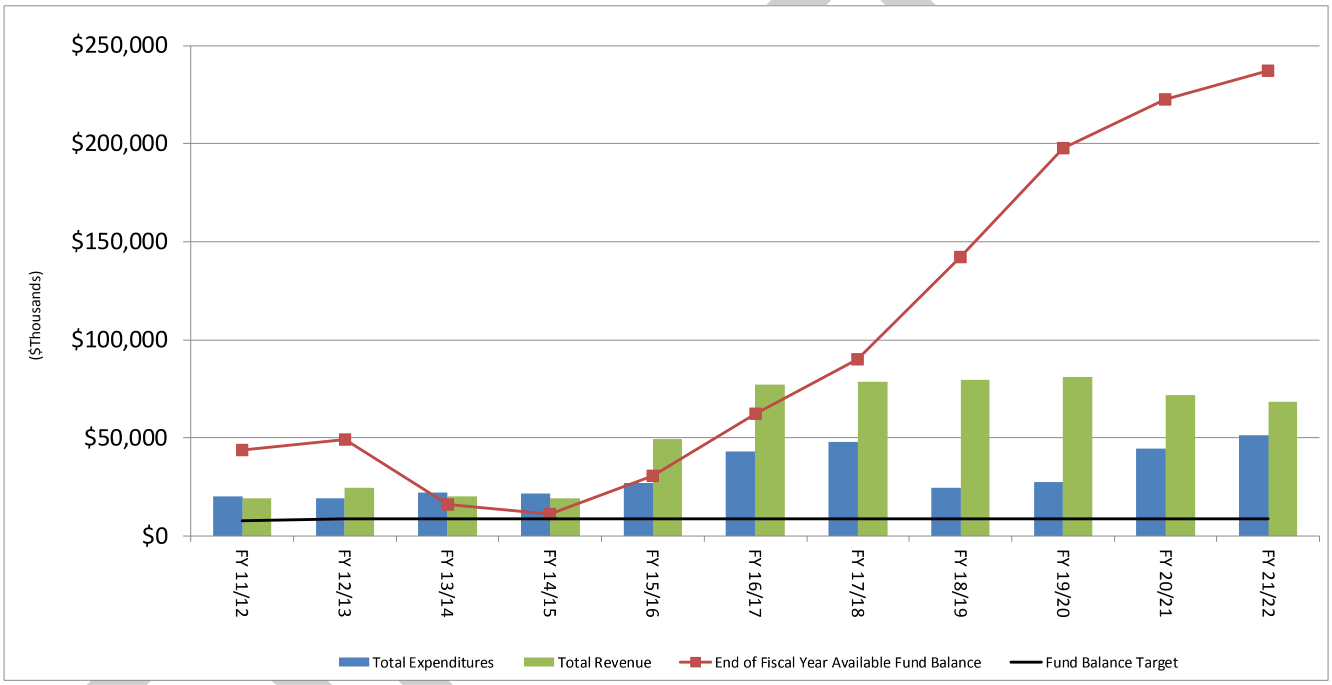
*Net connections are calculated from the gross connections adjusted for prepaid connections and credits. Net connections with growth cycling was used for the revenue projections. This growth cycling concept assumes only 70% of the first five years' projections are assumed to occur at that time and the remaining 30% are assumed to occur over FY 25/26 through FY 34/35.

This CIP plans for a total expenditure of $335 million in Expansion projects starting in FY 12/13 through FY 21/22. Of this amount, non-discretionary obligations total $176 million. These projects are payments to other agencies, such as the Department of Water Resources, that Zone 7 is obligated to pay. These include:

- South Bay Aqueduct (SBA) Improvement and Enlargement
- Future Contactor's Share of the SBA
- Fixed Cost of Water Entitlement
- State Water Project Peaking Payment (Lost Hills and Belridge Water Districts)
- Cawelo Groundwater Banking Program
- Semitropic Stored Water Recovery Unit
- Bay-Delta Conservation Plan & Delta Habitat Conservation and Conveyance Program
- Administrative and Engineering Building Lease
- Debt Service on Credit Line with Wells Fargo

In the scheduling and prioritization of Expansion projects, the first priority was to ensure there are adequate funds to pay non-discretionary obligations. For planning purposes, a minimum fund balance was set at 50% of the following year's non-discretionary obligations (~$8.5 million annually). In accordance with Zone 7's current pay-as-you-go funding policy, the remaining projects were scheduled as projected demands on our system dictate and as funding is available. Figure 2 below shows projected available funding in Fund 73 for the next ten years. Sufficient funding is projected to fund Expansion projects as planned in the CIP. The fund balance shown in FY 21/22 is largely in anticipation of a water treatment plant expansion and pipeline project, scheduled to be online in 2025 at a total cost of $213 million.

Figure 2 – Fund 73 Preliminary Funding Outlook



Fund 72 - Renewal/Replacement/System-Wide Improvements Program

On June 15, 2011, the Zone 7 Board adopted resolution 11-4092 accepting the Asset Management Program (AMP) Update. The principal goal of this update was to develop a rational and comprehensive plan that is consistent with utility practice, while building Retailer support for the program and its recommendations. The major objectives included identification of near-term renewal capital projects and development of a long-term renewal forecast and associated annual funding level necessary to implement future renewal and improvement needs. The Board-approved funding level targets resulting from this update have been incorporated in this CIP.

The planned Fund 72 projects in this CIP total $119M. A large number of these projects are new projects identified in the AMP, WSE or new developments. A list of these new projects is below.

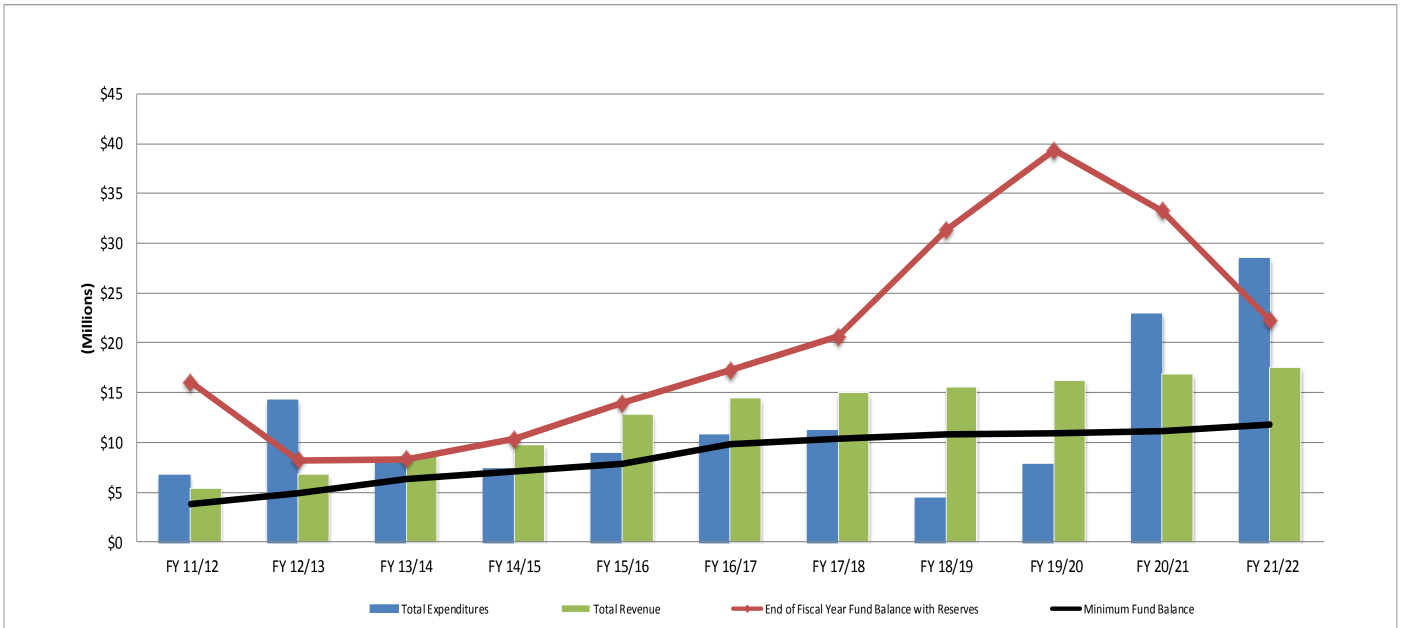
New Projects

- CWS Turnout #4 Relocation/Replacement
- DVWTP Filter Media and Underdrain Replacement
- DVWTP Filter Valves Replacement (Phase 2)
- DVWTP Superpulsator Rehabilitation
- DVWTP Valve Replacements for 3 MG Clearwell
- MGDP R.O. Membrane Replacement
- Distribution System Control Station Replacement
- DVWTP HVAC Replacement
- DVWTP Chemical Tanks and Feed Pumps Replacement
- DVWTP Rehabilitation Project
- PPWTP Chemical Tanks and Pumps Replacement Phase I
- PPWTP Filter System Rehabilitation
- PPWTP Instrumentation Upgrades
- Wellfield Switchboard Replacement

- Asset Management Program Management
- Arroyo del Valle Permit Extension
- Chain of Lakes Facilities and Improvements - Water Supply
- DWR Land Acquisition adjacent to PPWTP
- Hopyard Wellfield Pipeline – Connection with Hopyard Well No. 9
- Lakes H, I and Cope Facility Planning
- Maximize Yield from Existing Contract with BBID Study
- Mocho Well 2 - VFD Retrofit
- Mocho 2 Well Improvements/Rehabilitation
- PPWTP Maintenance Yard and Building Improvements
- Reliability Intertie
- Water System Master Plan

The AMP transfer targets approved by the Board in June 2011 provide sufficient funding for the Renewal/Replacement and System-Wide Improvement projects scheduled in CIP. The preliminary funding outlook for Fund 72 is shown in Figure 3 below.

Figure 3 – Fund 72 Preliminary Funding Outlook



Flood Protection CIP Overview

Zone 7 plans and designs flood protection and stormwater drainage facilities that enhance management and control of stormwater runoff and drainage in the Livermore-Amador Valley. The agency conducts capital improvement activities that protect life and property from damage caused by stormwater runoff and drainage generated during large rainfall events. Zone 7's capital improvements include renewal/replacement and repair of existing facilities to maintain the integrity of the existing flood protection system, system-wide improvements that integrate local stormwater channels into one regional flood protection system, and developing capital projects to accommodate new impervious surface areas caused by new development.

Zone 7 projects $41.7 million in capital expenditures over the next five years to support these programs. A breakdown by year is shown in Table 4 below.

Table 4 - Flood Protection System
Planned Annual Appropriations

Strategy	12/13	13/14	14/15	15/16	16/17	Total
Expansion	1.39	3.30	1.06	4.70	6.00	16.45
Renewal/Replacement	1.61	1.66	1.79	1.86	1.92	8.84
System-Wide Improvements	2.49	3.24	1.39	4.14	5.15	16.40
Total	**5.49**	**8.19**	**4.24**	**10.69**	**13.08**	**41.69**

Zone 7 staff conducts a biennial review of capital improvement activities required for the Flood Protection System. Based on this review, Zone 7 staff has identified the following capital improvement activities that will be conducted over the next five years:

- Administrative & Engineering Building
- Administrative & Engineering Building – Sinking Fund
- Access Roads
- Sediment Removal from Existing Channels:
- Fences and Gates
- Landscaping and Hydroseeding
- Embankment Repair
- Asphalt Driveways
- Concrete V-Ditches
- New Drain Structures
- Vegetation Abatement
- Arroyo de la Laguna Improvement
- Stream Management Master Plan (SMMP) Update
- Development Impact Fee Update
- El Charro Specific Plan Improvements (R.5-2/R.5-3 – Portions)
- Flood Facilities – Chain of Lakes
- Lakes H, I, and Cope Lake Facility Planning
- R.1-7: Arroyo Las Positas at N. Vasco Improvements
- R.3-5: Arroyo Mocho - Stanley Reach Pilot Project
- R.8-3: Lower Arroyo Mocho
- Sediment Transport Study
- Steelhead and Related Studies

Fund 76 – Flood Protection and Storm Water Drainage Development Impact Fee

Of the projects listed above, $16.45 million of the total are funded by Fund 76. Fund 76 - Flood Protection and Storm Water Drainage Development Impact Fee Fund holds all fees collected from future development in support of Zone 7's flood protection and stormwater drainage activities.

The Zone 7 Board approved the Stream Management Master Plan (SMMP) in August 2006. Subsequently, Zone 7 adopted Ordinance 2009-01 to establish the new development impact fee (DIF) necessary to support SMMP projects within the Alameda Creek Watershed. This study recommended a fee of $1.423 per square-foot of impervious area created by new development per square-foot; this fee was subsequently capped at $1.10. Over the next few years, Zone 7 will undergo updates to the SMMP and DIF studies. These updates will reassess the projects and costs proposed in SMMP and also reevaluate the current fee structure.

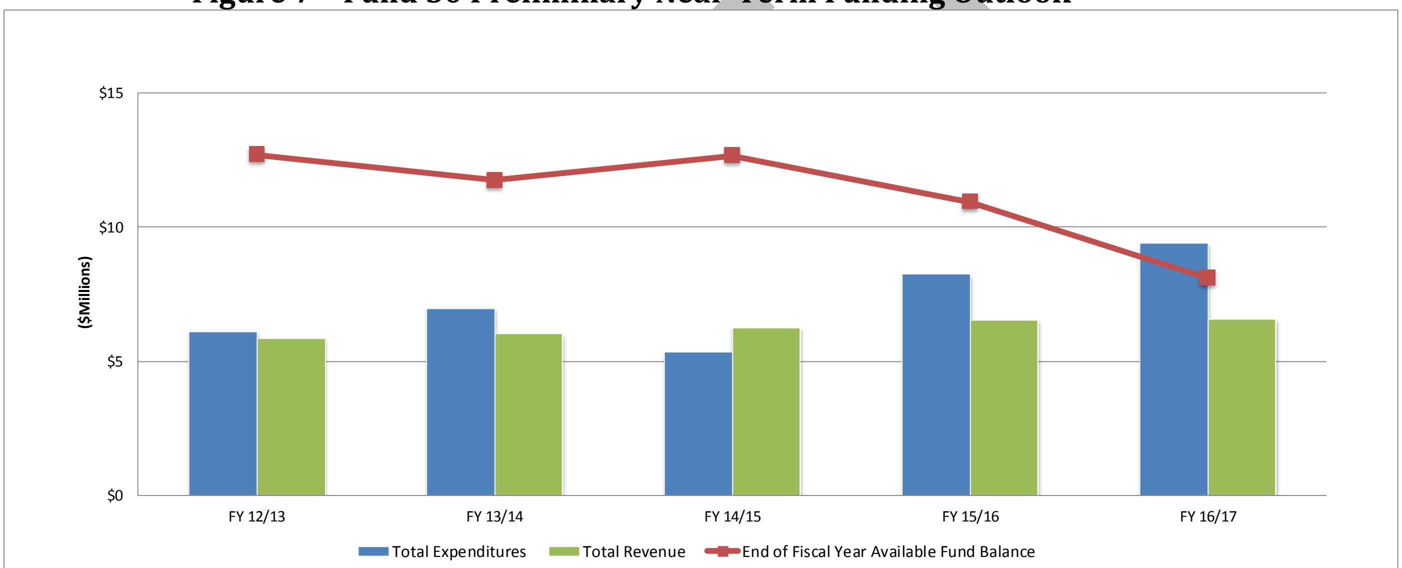
The SMMP and DIF identified $222 million in flood protection projects to be funded by this fund. Incorporating the projected expenditures planned within this CIP, Zone 7 projects a fund balance of $32 million in FY 16/17. This fund balance, along with other funding sources (to be examined in the DIF and SMMP updates) will be used to fund future flood protection and stormwater drainage projects identified in the SMMP.

Fund 50 – Flood Protection General Fund

Alameda County provides Zone 7 a portion of the taxes levied based on one percent (1%) of the assessed value of all properties within Zone 7's service area. The revenues that Zone 7 receives from Alameda County are placed into Fund 50, and are used to fund Flood Protection operations and maintenance, renewal/replacement and improvement projects. Of the projects listed above, Fund 50 will share $25 million of the $41.7 million in project costs identified.

Projected available funding for Fund 50 is shown in Figure 7. This outlook includes projected property tax revenue, interest earnings and projected expenditures as planned in the CIP. As with Fund 76, the fund balance shown in FY 16/17, along with other funding sources (to be examined in the DIF and SMMP updates) will be used to fund future flood protection projects identified in the SMMP.

Figure 7 – Fund 50 Preliminary Near-Term Funding Outlook



THE FINANCE MEETING MINUTES

FOR

AUGUST 29, 2011

AND

SEPTEMBER 13, 2011

WILL BE DISTRIBUTED AFTER REVIEW BY STAFF

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 21, 2011 **ITEM NO.** 15a

SUBJECT: GENERAL MANAGER'S REPORT

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

Engineering and Flood Control:

- Three cheers to the in-house team who prepared this year's Urban Water Management Plan (UWMP). Staff received advanced notice from DWR that Zone 7's UWMP was the first to be approved (deemed "complete") of the 450 submittals, which establishes Zone 7's ongoing eligibility for future state grant opportunities.

- Paragon Outlets began development of the El Charro site. Staff are coordinating with the City of Livermore on various portions of the development that involve water and flood control infrastructure.

- Livermore Area Recreation and Park District's (LARPD) goat-grazing project took place in August within the reach of Arroyo Mocho in Robertson Park. Recharge releases were maintained throughout the project.

- Staff completed an assessment of the conditions of the Dougherty Tank access road. Although this project had been budgeted for FY 11/12, the condition was better than anticipated so that the rehabilitation was deferred to FY 15/16; DSRSD concurred with this rescheduling.

Finance & Administration

- The Power and Water Resources Pooling Authority (PWRPA) continues to evaluate the viability and economics of serving various Zone 7 sites that meet their criteria. PG&E has indicated that PWRPA can serve the five most likely sites pending an interim services agreement. PWRPA has agreed to submit a draft of the evaluation to staff soon.

- Mocho 2 Well Motor failed early in the month. Staff completed an assessment of replacing with a Variable Frequency Drive (VFD) however the resulting recommendation was that the replacement should be delayed since, while it provides a significant improvement in operational flexibility and saves energy, it would take much longer than a simple repair so would negatively impact system reliability in the short term (inadvisable due to the planned shutdowns of Patterson Pass Water Treatment Plant and the South Bay Aqueduct this fall).

Operations and Maintenance:

- The taste and odor-causing algal derivatives, methyl isoborneol (MIB) and geosmin, began to increase in early August so low dose application of powdered activated carbon (PAC) was initiated at both water treatment plants which continued through the month at varying levels.

- Staff installed seismic supports on the chemical carrier lines at the Del Valle Water Treatment Plant (DVWTP). The new support system will help prevent chemical lines from falling during large earthquake events.

- The Dissolved Air Filtration (DAF) System at DVWTP remained offline throughout the month so that flows could be maximized during this high-demand period.

- The ammonia injector at the Patterson Pass Conventional Water Treatment (PP-conventional) Plant plugged in August; staff switched to the standby injector. This problem was related to a failure of the PP-conventional soft water system. The Patterson Pass Ultra-Filtration (PP-UF) Plant's hypochlorite system also plugged due to problems with its separate carrier water softening system. Repairs followed.

- The PAC injectors also became plugged with carbon and the PAC feed was interrupted for a short time, during which a few taste and odor complaints were received.

Environmental & External Affairs:

- On August 31st, Federal Judge Oliver Wanger ruled that federal agencies will not be allowed to implement a regulatory measure, known as Fall X2, as originally proposed (under the proposal, the State Water Project (SWP) would have faced losses from 300,000 acre-feet up to 670,000 acre-feet of water—enough to serve more than four million people for up to a year). The judge ordered a modified proposal that greatly minimizes water supply impacts. The U.S. Fish & Wildlife Service's Fall X2 proposal, which would have started on September 1st, was based on questionable science and bypassed requirements under the National Environmental Policy Act (NEPA), according to the ruling.

- The California Department of Water Resources (DWR) announced that the San Francisco Bay Area has been awarded $30,093,592 in Proposition 84 funds to carry out projects to improve regional water resources as contained in the Bay Area Integrated Regional Water Management Plan (IRWMP). Nearly half this money goes to recycled water projects (including over $1 million for DSRSD's Central Dublin project). Nearly $9 million goes to area-wide conservation funding (with cost shares at about a 50/50 level), a portion of which will come to Zone 7. Other major recipients include wetland restoration projects and regional green infrastructure projects.

- Dr. Patricia Glibert expanded her original study linking ratios of nutrient concentrations to stressed fish populations so that the data now includes estuaries worldwide. Findings, which are similar to her original work (again showing that food supply is the key), are to be released in the near future.

- The Alameda Creek Watershed Council is now accepting submissions for their annual photo contest. The contest is open to all. Photos should highlight creeks, lakes and wetlands found in the Alameda Creek Watershed and should be submitted by October 7th. For more details, see http://www.acrcd.org/WatershedCouncil.aspx.

Monthly List of GM Contracts

August 2011

The Mejorando Group	$2,500	Workforce Development and Succession Planning Workshop
Environmental Science Associates	$48,780	Biological Surveys and Regulatory Compliance
Ernst & Young LLP Engineering	$31,182	Department of Water Resources (DWR) Audit
Checkers Catering	$15,000	Catering Services for Meetings, Conferences and Workshops
Viking Safety Consultants	$10,000	Spill Prevention Control & Countermeasures Plan for Del Valle and Patterson Pass Water Treatment Plants
Urban Creeks Council	$50,000	Plant Restoration Plan for Stanley Blvd. Site
Total August- 2011	**$157,462**	

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: Office of the General Manager - Communications & Public Affairs
CONTACT: Boni Brewer / Mike Wallace

AGENDA DATE: September 21, 2011 ITEM NO. 15b

SUBJECT: Recent & Upcoming Public Outreach Activities

Recent Public Outreach Activities

Valley Children's Museum Promotion, September 15
Outreach staff again partnered with DSRSD staff in providing fun and informative water-related activities for children at Emerald Glen Park, the site of the new Dublin Farmer's Market, to help promote the Valley Children's Museum's (VCM) "Moving Mission" mobile unit.

California Coastal Cleanup, September 17
Zone 7 again assisted the City of Pleasanton and the City of Dublin with this annual event in which volunteers pick up trash and other debris along local creeks as part of the statewide California Coastal Cleanup Day. In addition to issuing encroachment permits for activities within Zone 7-owned stretches of creek, one of our roles is to promote the creek cleanups and publicize results. In addition to preventing pollution in streams that drain to the Bay and coast, the annual cleanup at the end of summer helps make sure that local waterways are ready to handle flows for the upcoming season's storms.

Upcoming Public Outreach Activities

Home & Garden Show, September 30 – October 2
Zone 7 will share an informational booth at this annual event, held at the Alameda County Fairgrounds in Pleasanton, with the Alameda County Flood Control and Water Conservation District's Clean Water Program. The focus will be on stormwater-pollution prevention to keep our creeks and Bay clean and healthy. Zone 7 staff will also provide water conservation tips.

Pleasanton Green Scene, October 6
Zone 7 will again share a booth with the City of Pleasanton at this event, designed to promote green and healthy living to Hacienda Business Park's 17,000-plus employees and residents, and to the public at-large. We will distribute information on such things as water conservation and stormwater-pollution prevention. The fair will be held from 10:30 a.m. to 1:30 p.m. at the CarrAmerica Conference Center, 4400 Rosewood Drive.

Valley Children's Museum Promotion, October 20
This culminates what has been a very fun five-month partnership between Zone 7 and DSRSD in helping to promote the Valley Children's Museum's (VCM) "Moving Mission" mobile unit during the Dublin's Farmer's Market at Emerald Glen Park. Every Thursday from 4 to 8 p.m. between June and October, VCM has rotating themes at the Mobile Museum site. The third Thursday of each month is designated for Zone 7 and DSRSD water-themed activities. The idea

is to incorporate some fun activities relating to the role of water in our region's history, while also making the activity relevant to key issues today – including water conservation.

Schools Program Update

Zone 7's 2011-12 Water Science in the Schools program was successfully launched. As of September 7, we had booked 181 classroom presentations and were in the process of scheduling more than 100 additional requests. Our goal is to do 350 presentations this year and we are reaching out to targeted schools and grade levels that have not previously taken advantage of the program to fill the remaining available slots. Teacher response to our program has been overwhelmingly positive.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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ORIGINATING SECTION: Office of the General Manager **-** Communications & Public Affairs
CONTACT: Mike Wallace/Tim Hunt

AGENDA DATE: Sept. 21, 2011 ITEM NO. 15c

SUBJECT: Legislative Update

SUMMARY:

- Zone 7 staff, with the support of the agency's lobbying firm, The Gualco Group, Inc., and the agency's legislative support consultant, Tim Hunt, monitors legislation that is being considered in Sacramento.
- Staff, with recommendations from the agency's lobbying firm, identify a number of bills that are of interest to Zone 7 for the legislative session, such as those related to the Delta. Bills being monitored are summarized in the attached Executive Summary.
- On September 9th, the Legislature adjourned until January.
- **SB 224** (Pavley), which would give the Department of Water Resources significantly more flexibility in executing contracts, was amended on the Assembly floor and then passed both houses. It is on the governor's desk for signature and Zone 7 is part of a broad coalition that signed a letter urging its passage and enactment.
- **AB 134** (Dickinson) was signed by Gov. Jerry Brown. It gives Sac Regional, once it upgrades its treatment plant, the opportunity to apply to the State Water Board for water rights to sell its highly treated effluent. The agency already has this "right" so there's no practical effect.
- **SB 250** (Rubio) was amended with little fanfare. It is designed to hold responsible agencies accountable to the new timetable for completion of the BDCP. The senator plans to hold field hearings this fall.
- **SB 293** (Padilla) passed both houses (the Senate unanimously) and now goes to the governor. It limits retention on public contracts to 5 percent, reduced from the current 10 percent. Zone 7 opposed this bill.
- **SB 931** (Vargas) was amended with onerous language that would have banned public agencies from spending public money on outside legal counsel or consultants when dealing with labor matters. It is dead for this session. Zone 7 wrote a letter in opposition.
- **SB 215** (Huff) to continue the inspection program for quagga mussels passed both houses without opposition and is on the governor's desk.

RECOMMENDED ACTION:
Information only

ATTACHMENT:
Executive Summary

The Gualco Group, Inc.

EXECUTIVE SUMMARY
State Legislation

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

September 14, 2011

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
Delta Stewardship Council				
AB 576 (Dickinson)	Fees	This bill was "gutted" and rewritten on March 31. As amended on March 31, AB 576 would, by January 1, 2013, require the Delta Stewardship Council to develop a long-term plan to pay for the costs of implementing the Delta Plan; would authorize the council, before adopting and collecting long-term revenues, to seek to obtain early funding contributions from entities that may benefit from implementation of the Delta Plan and to track those contributions to provide credit against future funding requirements	Watch	"DEAD" for 2011
Groundwater				
AB 359 (Huffman)	Groundwater Management Plans	AB 359 was amended for the third time on June 30. As amended on June 30, 2011 this bill requires a local agency that develops a groundwater management plan and drafts a resolution to adopt a plan to provide a copy of a resolution of intention to the Department of Water Resources (DWR) within 30 days of the date of adoption; Would authorize any person to be placed on a list established by the local agency for purposes of receiving notices regarding plan preparation, meeting announcements, and availability of draft plans, maps and other relevant documents; Would require these "interested persons" and DWR to receive notice of the date, time and place prior to the second hearing to determine whether to adopt the plan; Would require, if a groundwater management plan is not adopted within two (2) years of the date of the adoption of a resolution of intention and the local agency is operating under a previously adopted groundwater management plan, that the previously adopted plan remain in effect; Requires DWR to post on its Internet Web site the information DWR possesses regarding the local agencies that have jurisdiction to develop groundwater management plans and maps, including agencies who have submitted resolutions of intention to adopt groundwater management plans or agencies that have opted to assume groundwater basin level monitoring functions; Requires, commencing January 1, 2013, that a groundwater management plan include a map identifying recharge areas, as defined, for the groundwater basin; Requires, after adoption of the groundwater management plan that the map of recharge area be provided to local planning agencies ; Allows a local agency to request state funds to map groundwater recharge areas if eligible funding is available.	Watch	September 2: Senate amendments concurred in. To Enrolling and Enrgossing.
AB 1152 (Chesbro)	Groundwater	This bill would add to the list of entities that may assume responsibility for monitoring and reporting groundwater elevations, a local agency that has been collecting and reporting groundwater elevations and that does not have a groundwater management plan, if the local agency adopts a groundwater management plan in accordance with specified provisions of existing law by January 1, 2014. The bill would permit the Department of Water Resources to authorize the local agency to conduct monitoring and reporting of groundwater elevations on an interim basis, until the local agency adopts a groundwater management plan or until January 1, 2014, whichever occurs first.	Watch	September 7: Chaptered by the Secretary of State, Chapter Number 280, Statutes of 2011
Peripheral Canal				
AB 550 (Huber)	Peripheral Canal	The introduced version of AB 550 is identical to the bill (AB 1594) Ms. Huber introduced last year, and which was "held" in the first policy committee. The bill would prohibit the construction of a peripheral canal, as defined, unless expressly authorized by the Legislature; would require the LAO to complete an economic feasibility analysis prior to enactment; would require that the canal's construction and operation not diminish or negatively affect the water rights, supplies, or quality of water within the Delta.	OPPOSE. Zone 7 was one of 44 signatories to a 3-18 letter to Assembly Member Alyson Huber in opposition to AB 550	"DEAD" for 2011
AB 627 (B. Berryhill)	"Delta Corridors Plan"	As amended on March 31, AB 627 directs the Department of Water Resources to expedite their evaluation of the feasibility for a through-Delta conveyance plan known as the "Delta Corridors Plan". This study must include an evaluation of ways the Delta Corridors Plan could incorporate the Two-Gates Fish Protection Demonstration Project and shall assess the potential impacts and benefits of operating that project in conjunction with the Delta Corridors Plan. If DWR determines the plan is "feasible", AB 627 requires that DWR include recommendations regarding specific facilities to be constructed and identify potential funding sources for implementation of the plan. Finally, the bill states "it is the intent of the Legislature to appropriate money to DWR to pay the costs of the feasibility study…"	OPPOSE. Zone 7 was one of the signatories to a letter to Assembly Member Berryhill in opposition to his bill	"DEAD". AB 627 was held in the Assembly Appropriations Committee. Passed the Assembly Water, Parks and Wildlife Committee by a vote of 9-3. Chair Jared Huffman opposed the bill, but five Democrat members of his committee voted for it
SB 200 (Wolk)	Delta Conveyance Facility	As amended on March 24, SB 200 would add numerous new conditions that each state agency must meet before it can take or authorize any action to implement a conservation measure with the Bay Delta Conservation Plan (e.g. the action shall not result in significant unmitigated negative impacts to another entity or region; funding for the action shall be consistent with the beneficiary pays principle) would require "full mitigation" absent any definition and would require multiple state agencies to exercise their authority "consistent with protecting and maintaining public trust resources" BACKGROUND: According to the author's "Fact Sheet" on her measure, "SB 200 establishes specific criteria and assurances to meet the statutory co-equal goals of a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem." And, "These assurances are based on the same provisions negotiated by Governor Jerry Brown in 1980"	OPPOSE. Zone 7 was one of 45 signatories to two letters to Senator Lois Wolk in opposition to SB 200	"DEAD" for 2011
Public Employment				

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
AB 325 (Lowenthal, B.)	Employee's right to bereavement leave	Existing law provides employees with the right to take time off work without discharge or discrimination for a number of reasons. This bill would prohibit an employer from refusing to grant a request by any employee to take up to 3 days of bereavement leave or to interfere with or restrain an employee from doing so. This bill would authorize an employee who has been discharged, disciplined, or discriminated against for exercising his or her right to bereavement leave to bring a civil action against his or her employer for reinstatement, specified damages, and attorney's fees. The provisions of the bill would not apply to an employee who is covered by a valid collective bargaining agreement that provides for bereavement leave and other specified working conditions.	Watch	September 9: Senate amendments concurred in. To Engrossing and Enrolling.
AB 1155 (Alejo)	Workers' compensation	This bill would state the intent of the Legislature to prohibit the use of risk factors and specified characteristics to deny an injured worker his or her rightful benefit when disabled in the workplace. The bill would also state the intent of the Legislature to prohibit the apportionment of risk factors and characteristics without prohibiting the apportionment of documentable preexisting nonindustrial causes of disability or holding an employer liable for any percentage of permanent disability not directly caused by an injury arising out of and occurring in the course of employment.	Watch	September 9: Senate amendments concurred in. To Engrossing and Enrolling.
AB 1184 (Gatto)	Public employees' retirement benefits	This bill would state the intent of the Legislature that a contracting agency not experience a significant increase in actuarial liability due to increased compensation paid by another contracting agency to a nonrepresented employee. The bill would require the Board of Administration of PERS to develop guidelines in this regard and to implement program changes to ensure that a contracting agency that creates a significant increase in actuarial liability due to increased compensation bears the associated liability. The bill would require the system actuary to assess an increase in liability in this regard to the employer that created it at the time the increase is determined and to make adjustments to that employer's rates as needed. The bill would apply these requirements to any significant increase in actuarial liability due to increased compensation paid to a nonrepresented employee regardless of when the increase in compensation occurred. The bill would require the board to report to the Legislature on the implementation of these provisions	Watch	September 9: Ordered to inactive file at the request of Assembly Member Ma.
AB 1320 (Allen)	Public employees' retirement: employer contribution rates	This bill, on and after July 1, 2013, would establish for each employer a Rate Stabilization Account in the Employer Rate Stabilization Fund, which this bill would create and which would be continuously appropriated to the Board of Administration of PERS for the purpose of stabilizing employer retirement contributions. By creating a continuously appropriated fund and authorizing the expenditure of employer payments, this bill would make an appropriation. The bill would provide that the board has sole and exclusive control over the administration of the fund and would require that the investment of fund assets be according to strategies established by the board. The bill would authorize the board, in its discretion, to establish administrative terms and conditions governing the Rate Stabilization Fund. The bill would provide that the Rate Stabilization Account is an employer asset, but it would not be counted as an asset for the purpose of determining the employer's contribution rate. The bill would require employers to make payments to the account when the actuarial value of assets exceeds the accrued liability, as specified, which would be calculated based on the employer normal cost of benefits and which would be credited to each employer's Rate Stabilization Account. Payments by the state would be made in the annual Budget Act. The bill would provide that the assets of the account be drawn upon , subject to procedures adopted by the board, to pay a portion of the employer contribution when the employer contribution rate is greater than the employer normal cost of benefits, as specified. The bill would provide that the employer is not required to make that additional contribution when the employer's Rate Stabilization Account exceeds an amount equal to 50% of the employer's assets, exclusive of the assets in the Rate Stabilization Account. The bill would provide that assets in an account would be invested according to investment strategies established by the Board of Administration of PERS.	Watch	September 9: Ordered to inactive file at the request of Assembly Member Ma.
AB 1344 (Feuer)	Local governance	This bill would require a city charter or charter amendment, whether submitted to the voters by a charter commission or the governing body of the city or city and county, to be submitted at the next established statewide general, statewide primary, or regularly scheduled municipal election date, provided there are at least 95 days before the election. This bill would also require a proposal to adopt a charter, whether submitted to the voters by a charter commission or the legislative body of a city or city and county to include in the ballot description an enumeration of new city powers as a result of the adoption of the charter, including, but not limited to, whether the city council will, pursuant to an adopted charter, have the power to raise its own compensation and the compensation of other city officials without voter approval.	Watch	September 9: Senate amendments concurred in. To Engrossing and Enrolling.
SB 931 (Evans)	Payroll Cards	Existing law prohibits an employer from issuing in payment of wages due certain instruments, including an order, check, draft, note, memorandum, scrip, coupon, card, or other acknowledgment of indebtedness or redeemable instrument, unless specified requirements are satisfied. This bill would authorize an employer to pay an employee's wages by means of a payroll card, as defined, provided that specified requirements are satisfied. In addition, the bill would make a violation of its provisions a misdemeanor and would subject a violator to specified civil penalties. employee rights related to employer-employee relations	OPPOSE	September 9: Re-referred to Senate Committee on Rules pursuant to Senate Rule 29.10. From Rules committee: Be re-referred to Senate Committee on Banking and Financial Institutions pursuant to Senate Rule
Water Conservation, Supply & Delivery				
AB 275 (Solorio)	Rainwater Capture Act of 2011	Under existing law, the State Water Resources Control Board (state board) and the California regional water quality control boards prescribe waste discharge requirements for the discharge of stormwater in accordance with the national pollutant discharge elimination system (NPDES) permit program and the Porter-Cologne Water Quality Control Act. Existing law authorizes a city, county, or special district to develop, jointly or individually, stormwater resource plans that meet certain standards. This bill would enact the Rainwater Capture Act of 2011, which would authorize residential, commercial, and governmental landowners to install, maintain, and operate rain barrel systems, as defined, and rainwater capture systems, as defined, for specified purposes, provided that the systems comply with specified requirements. The bill would require a local agency to provide notification to the operator of a public water system, as defined, if the local agency chooses to adopt a permitting program for rainwater capture systems and approves a permit for a	Watch	September 9: Enrolled and presented to the Governor at 3:30 p.m.
AB 779 (Fletcher)	Municipal water districts: oversight	Existing law, the Municipal Water District Law of 1911, authorizes the formation of a municipal water district to acquire and sell water, and specifies the powers and purposes of a municipal water district. This bill would authorize a municipal water district to establish an independent oversight committee to assist in tracking and reviewing revenues of the district to advance capital improvements, operations and maintenance of district facilities, and allocation methodologies. The bill would authorize an independent oversight committee to perform specified functions for those purposes.	Watch	"DEAD" for 2011
SB 215 (Huff)	Mussels	SB 215, as amended on April 26 would extend the existing repeal date from January 1, 2012 to January 1, 2017 of provisions which exempt suppliers from civil or criminal liability IF the supplier is in full compliance with a plan to control and eradicate Quagga Mussels.	SUPPORT.	September 6: Enrolled and presented to the Governor at 4:30 p.m.
SB 224 (Pavley)	Public Contracts: DWR	As amended on April 14, SB 224 would exempt the following contracts from the review of approval by the Department of General Services: "Any contract of a type specifically mentioned and authorized to be entered into by the Department of Water Resources under the Water Code" "Any contract entered into by the Department of Water Resources that is not funded by money derived from state tax sources, but rather, is funded by money derived from federal and local sources"	SUPPORT. Zone 7 is one of the signatories to a letter to Senator Pavley in support of the April 14 version of her bill	September 8: Assembly amendments concurred in. (Ayes 40. Noes 0). Ordered to engrossing ang enrolling.

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
SB 263 (Pavley)	Wells: reports: public availability	Existing law requires a person who digs, bores, or drills a water well, cathodic protection well, or a monitoring well, or abandons or destroys a well, or deepens or reperforates a well, to file a report of completion with the Department of Water Resources. Existing law prohibits those reports from being made available to the public, except to governmental agencies for use in making studies, to any person who obtains a written authorization from the owner of the well, and to a person performing an environmental cleanup study under certain circumstances. This bill would remove the exception for persons performing an environmental cleanup study, and would additionally authorize the department to make the reports available to academics affiliated with institutions of postsecondary education for specified purposes and to geologists, geophysicists, hydrologists, civil engineers, and persons possessing a specified well contractor's license. The bill would require the department to provide a specified disclaimer when providing the reports to the public. The bill would require the department to require a person seeking a report to identify the intended use of the report. The bill would prohibit specified persons receiving the report pursuant to these provisions from disclosing the exact location of a well in the report; providing the report to other persons or entities not involved in the conduct of a study; and utilizing the report, or information or data in the report, for the sale, resale, solicitation, or advertisement for sales or services. The bill would provide that knowingly violating this prohibition would be a misdemeanor that would be punishable, upon conviction, by a fine, by imprisonment in the county jail, or by both, as specified.	Watch	September 9: Assembly amendments concurred in. (Ayes 40. Noes 0). Ordered to engrossing ang enrolling.
SB 571 (Wolk)	Master Plan for Financing/Developing Water Resources	As amended on April 13, SB 571 would establish the California Water Commission as an independent agency, revise the requirements of the California Water Plan, and create a new division in the Water Code titled " Water Resources Investment Planning". The bill would establish the process for the Commission to develop and adopt the "California Water Investment Plan," similar to the State Transportation Improvement Plan by establishing the process for the Commission to make the fund allocations for specific projects and programs, establish the process for the state agencies to develop and implement the "State Water Investment Plan" consistent with the most recently adopted update to the California Water Plan; establish "regional water planning agencies"; establish the process for the regional water planning agencies to develop and implement the "regional water investment plan" As introduced on February 17, SB 571 would require the California Water Commission to, on or before January 1, 2013, develop a master plan for financing and developing water resources in the state, including specified assessments, and would require the commission to update the plan every five years; would require the commission to annually review and audit the award of state funds for water resources projects and programs; to develop, consistent with the master plan, a prioritized list of projects and programs relating to water supply, water quality, water conservation, water use efficiency, ecosystem and watershed restoration, and integrated regional water management planning and implementation for purposes of awarding state financial assistance for those projects and programs and to establish guidelines for the award of state financial assistance allocated for integrated regional water management plans. The bill would also declare legislative intent that the commission be given authority to allocate specified state funds for water resources projects and programs.	Watch	"DEAD" for 2011
SB 710 (La Malfa)	Project: County Services State Water Project	As amended on March 25, would authorize a county, in accordance with prescribed procedures, to prepare and adopt a county services impact report containing, among other things, a description of the costs of county services, as defined, related to the operation of specified dams and reservoirs as State Water Project facilities within the county.	Watch	"DEAD" for 2011
SB 834 (Wolk)	IRWM Plans	The Integrated Regional Water Management Planning Act of 2002 authorizes a regional water management group, as defined, to prepare and adopt an integrated regional water management plan. The act requires an integrated regional water management plan to address specified water quality and water supply matters. This bill would additionally require an integrated regional water management plan to identify the manner in which the plan furthers a specified state policy concerning reducing reliance on the Sacramento-San Joaquin Delta for water supply and improving regional self-reliance for water, if the region depends on water from the Delta watershed. The bill would require integrated regional water management plans to incorporate that requirement	Watch	September 9: Enrolled and presented to the Governor at 9:45 a.m.

California Regional Water Quality Control Boards

SB 607 (Walters)	Water Quality: Bracking Groundwater Treatment	As amended on April 27, SB 607 requires the State Water Resources Control Board ("SWRCB"), on or before January 1, 2012, to either amend the California Ocean Plan, or adopt separate standards, to address water quality objectives and effluent limitations that are specifically appropriate for brackish groundwater treatment system facilities that produce municipal water supplies for local use	Watch	September 6: Chaptered by the Secretary of state, Chapter Number 241, Statutes of 2011.
SB 900 (Steinberg)	Regional Water Quality Control Boards	As amended on May 9 SB 900 would, with regard to a regional water quality control board, provide that a person would not be disqualified from being a member of that board because that person receives, or has received during the previous two years, a significant portion of his/her income directly or indirectly from a person subject to waste discharge requirements, or an applicant for waste discharge requirements, provides that this revised eligibility provision relating to members of a regional board shall be implemented only if certain requirements are met.	Watch	July 1: Ordered to inactive file on request of Assembly member Charles Calderon.

Special Districts

AB 54 (Solorio)	Drinking water	Existing law authorizes any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes, and requires any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use, to provide in its articles or bylaws that water shall be sold, distributed, supplied, or delivered only to owners of its shares and that those shares are appurtenant to certain lands, as specified. This bill would specify that any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes, and any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use that provides in its articles or bylaws that the water shall be sold, distributed, supplied, or delivered only to owners of its shares and that those shares are appurtenant to certain lands shall be known as a mutual water company.	Watch	Senate 8: Senate amendments conurred in. To Engrossing and Enrolling.

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
AB 59 (Swanson)	Family and medical leave	Existing law, the Moore-Brown-Roberti Family Rights Act, makes it an unlawful employment practice for an employer, as defined, to refuse to grant a request by an eligible employee to take up to 12 workweeks of unpaid protected leave during any 12-month period (1) to bond with a child who was born to, adopted by, or placed for foster care with, the employee, (2) to care for the employee's parent, spouse, or child who has a serious health condition, as defined, or (3) because the employee is suffering from a serious health condition rendering him or her unable to perform the functions of the job. Under the act, "child" means a biological, adopted, foster, or stepchild, a legal ward, or a child of a person standing in loco parentis, who is either under 18 years of age or an adult dependent child. The act defines "parent" to mean the employee's biological, foster, or adoptive parent, stepparent, legal guardian, or other person who stood in loco parentis to the employee when the employee was a child. This bill would increase the circumstances under which an employee is entitled to protected leave pursuant to the Family Rights Act by (1) eliminating the age and dependency elements from the definition of "child," thereby permitting an employee to take protected leave to care for his or her independent adult child suffering from a serious health condition, (2) expanding the definition of "parent" to include an employee's parent-in-law, and (3) permitting an employee to also take leave to care for a seriously ill grandparent, sibling, grandchild, or domestic partner, as defined.	Watch	"DEAD" for 2011
ACA 4 (Blumenfield)	Local government financing: voter approval	This measure would lower to 55% the voter-approval threshold for a city, county, or city and county to incur bonded indebtedness, exceeding in one year the income and revenue provided in that year, that is in the form of general obligation bonds to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police or fire protection.	Watch	August 29: Ordered to inactive file at the request of Assembly Member Blumenfield.
SB 31 (Correa)	Local government: lobbyist registration	The Political Reform Act of 1974 provides for the comprehensive regulation of lobbyists, as defined. As amended on March 23, SB 31 would enact a comprehensive scheme to regulate lobbying entities, as defined, that lobby local government agencies, including requirements to register and make periodic reports regarding certain lobbying activities; would require each local government agency to create a commission to implement and enforce the provisions of the bill.	Watch	"DEAD" for 2011

Sacramento Regional County Sanitation District

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
AB 134 (Dickinson et al.)	Appropriation of water	As amended on April 15, AB 134 would authorize the Sacramento Regional County Sanitation District to file an application with the State Water Resources Control Board for a permit to appropriate "an amount of water up to the amount of treated wastewater that is discharged into the Sacramento River in order to facilitate sale and transfer beyond SRCSD's service area. The bill would authorize, but not require, the board to grant the permit "subject to the terms and conditions as in the board's judgment are necessary for the protection of the rights of any legal user of the water".	Initially Opposed/Now Neutral as a result of the April 15 amendments. Zone 7 was one of 47 signatories to a letter to Assembly Member Roger Dickinson in	September 6: Chaptered by the Secretary of State, Chapter Number 212, Statutes of 2011.
SB 52 (Steinberg)	Sacramento Regional County Sanitation District	As introduced on December 15, 2010, SB 52 would appropriate $50 million dollars from Propositions 1E and 84 to DWR to provide financial assistance to the SRCSD to offset a portion of the costs of capital improvements at the SRCSD wastewater treatment plant to meet the requirements of the SRCSD discharge permit adopted by the Central Valley Regional Water Quality Control Board.	Watch	"DEAD" for 2011

Financing

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
AB 157 (Jeffries)	Water Bond	Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters at the November 6, 2012, statewide election, would authorize the issuance of bonds in the amount of $11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. This bill would reduce by 25% the total amount of bonds authorized to be issued pursuant to the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, and would make conforming reductions to amounts specified to be allocated from these bond funds for certain purposes.	Watch	"DEAD" for 2011
AB 983 (Perea)	Safe Drinking Water State Revolving Fund	Existing law, the California Safe Drinking Water Act, requires the State Department of Public Health to administer provisions relating to the regulation of drinking water to protect public health, including, but not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act, adopting and enforcing regulations, and conducting studies and investigations to assess the quality of water in domestic water supplies. This bill would authorize the department to take specified actions to improve access to financial assistance for small community water systems and not-for-profit nontransient noncommunity water systems serving severely disadvantaged	Watch	September 9: Senate amendments concurred in. To Enrolling and Engrossing.
AB 1292 (Hernandez, Roger)	Safe Drinking Water State Revolving Fund: revenue bonds	The Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank for the purpose of funding specified types of infrastructure development projects, including public development facilities, that are defined to include sewage collection and treatment facilities and water treatment and distribution facilities. The act authorizes the executive director of the bank to contract with specified agencies to enable the bank to properly perform its duties and authorizes the bank to issue revenue bonds for prescribed purposes. This bill would specify that the executive director may contract with those agencies for technical services, and would provide that, where a state agency is authorized under state law to request that the bank issue bonds on its behalf, the agency may request, and the bank may issue, the bonds for the purpose authorized	Watch	September 6: Senate amendments concurred in. To Enrolling and Engrossing.
SB 34 (Sicilian)	California Water Resources Investment Act of 2011	As amended on April 13, SB 34 would enact the California Water Resources Investment Act of 2011. The Act finds that it is necessary to establish a sustainable revenue source to fund the public benefits of water related projects and programs. A charge would be levied on all retail water suppliers consistent with the "beneficiaries pay" and "polluters pay" principles. There would a charge for "non-agricultural water uses" on a per-acre-foot of use basis and an assessment imposed on "agricultural water uses" on a per-acre of irrigated lands basis. The proceeds of the revenue source would be shared between the state and regions, half allocated to the state to fund statewide and interregional public benefits, half would be allocated among the regions to fund the regional and local public benefits associated with water related projects and programs	Watch	"DEAD" for 2011. Requires a super-majority vote of both the Assembly and Senate to pass. Passed the Senate Natural Resources and Water Committee by a vote of 5-3; May 4: Passed the Senate Committee on Governance and Finance by a vote of 5-4;
SB 293 (Padilla)	Payment bonds: laborers.	Existing law requires that, for private and public works of improvement, and in a public works contract, a prime contractor or subcontractor pay to any subcontractor, not later than 10 days after receipt of each progress payment, unless otherwise agreed to in writing, the respective amount allowed the contractor on account of the work performed by the subcontractors, to the extent of each subcontractor's interest therein, as prescribed. This bill would, instead, require that these amounts be paid not later than 7 days after receipt of each progress payment.	"OPPOSE UNLESS AMENDED"	September 9: Assembly amendments concurred in. To Enrolling and Engrossing.

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
SB 475 (Wright et al.)	Infrastructure Financing	Existing law authorizes a governmental agency, as defined, to solicit proposals and enter into agreements with private entities for the design, construction, or reconstruction by, and lease to, private entities, for specified types of fee-producing infrastructure projects. Existing law permits these agreements to provide for infrastructure facilities owned by a governmental entity, but constructed by a private entity, to be leased to or owned by that private entity for a period of up to 35 years. As amended on June 20, AB 475 would the statutory authorization for local governmental agencies to utilize private sector financing alone or in concert with public financing, to study, plan, design, construct, develop, finance, maintain, rebuild, improve, repair, or operate, or any combination thereof, fee-producing infrastructure facilities.	Watch	"DEAD" for 2011
SB 907 (Evans et al.)	Infrastructure Financing	As amended on May 3, this bill would create the 11-member Master Plan for Infrastructure Financing and Development Commission. By December 1, 2013, the Commission must submit a final report to the Governor and the Legislature which contains a long-term plan and strategy for the state's infrastructure needs and a prioritized plan to meet those needs. The Commission must also submit periodic progress reports.	Watch	"DEAD" for 2011. The July 6 hearing on this bill by the Assembly Committee on Jobs , Economic Development and the Economy was cancelled at the request of the author. Passed the Senate by a vote of 24-14 on June 1.

Energy

AB 512 (Gordon)	Local government renewable energy self-generation program	This bill would expand the definition of an eligible renewable generating facility for the purposes of the program to include a facility that has a generating capacity of no more than 5 megawatts. The bill would prohibit an electrical corporation from being required to compensate a local government for electricity generated from a facility in excess of the bill credits applied to the designated benefiting account. The bill would prohibit a local government from being eligible for any other tariff or program that requires an electrical corporation to purchase generation from an eligible renewable generating facility participating in the program. The bill would exempt an electrical corporation with 60,000 or fewer customer accounts from the program.	Watch	September 13: Enrolled and presented to the Governor at 11:00 a.m.

Hazardous Materials

AB 291 (Wieckowski)	Underground storage tanks: petroleum: charges	Under the existing Barry Keene Underground Storage Tank Cleanup Trust Fund Act of 1989, which is repealed on January 1, 2016, every owner of an underground storage tank is required to pay a storage fee for each gallon of petroleum placed in the tank. The fees are required to be deposited in the Underground Storage Tank Cleanup Fund and the board is authorized to expend the moneys in the fund, upon appropriation by the Legislature, for various purposes, including the payment of claims to aid owners and operators of petroleum underground storage tanks who take corrective action to clean up unauthorized releases from those tanks, corrective actions undertaken by the board, a California regional water quality control board, or a local agency, the cleanup and oversight of unauthorized releases at abandoned tank sites, and grants to small businesses to retrofit certain hazardous substance underground storage tanks. This bill would continue the requirement to pay that increased amount of $0.006 per gallon until January 1, 2014. By operation of existing law, the revenue resulting from the increased fee would be required to be deposited in the fund and be available, upon appropriation, for expenditure for the purposes authorized under existing law for money in the fund. This bill would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of 2/3 of the membership of each house of the Legislature.	Watch	September 8: Senate amendments concurred in. To Engrossing and Enrolling.
AB 358 (Smyth)	Hazardous substances: underground storage tanks: releases: reports	Existing law generally regulates the storage of hazardous substances in underground storage tanks, including requiring underground storage tanks that are used to store hazardous substances to meet certain requirements. Existing law requires tank owners and operators to report unauthorized releases to local agencies, which includes specified information, and requires the State Water Resources Control Board to continuously post and update on its Internet Web site reports of information concerning unauthorized releases. This bill would instead require the owner or operator to transmit certain information regarding an unauthorized release to the local agency on a written form or using an electronic format developed by the board and approved by the Secretary for Environmental Protection. The bill would require additional information to be provided to the local agency. The bill would also instead require each regional board and local agency to submit a report to the board for all unauthorized releases using the board's Internet-accessible database, thereby imposing a state-mandated local program by imposing new duties upon local agencies. The bill would require the board to annually post and update on its Internet Web site the information in those reports concerning unauthorized releases.	Watch	September 8: Senate amendments concurred in. To Engrossing and Enrolling.
AB 408 (Wieckowski)	Hazardous substances and materials: hazardous waste transportation	Existing law provides that the expense of a public agency's emergency response to the release, escape, or burning of hazardous substances is a charge against the person whose negligence caused the incident if the incident necessitated an evacuation beyond the property of origin or results in the spread of hazardous substances or fire beyond the property of origin. Existing law defines "hazardous substance" for purposes of these provisions. This bill would instead provide that these expenses are a charge against the person whose negligence caused the incident if the incident necessitated an evacuation from the building, structure, property, or public right-of-way where the incident originates, or the incident results in the spread of hazardous substances or fire beyond the building, structure, property, or public right-of-way where the incident originates. The bill would also revise the definition of "hazardous	Watch	September 7: Assembly Rule 77 suspended. Senate amendments concurred in. To Enrollment and Engrossing.
AB 681 (Wieckowski)	Aboveground storage tanks: funds	Existing law makes the Environmental Protection Trust Fund and the training account in that fund inoperative as of July 1, 2011, and repeals the fund and account as of January 1, 2012. Until July 1, 2011, existing law authorizes the expenditure of a portion of the moneys in the Environmental Protection Trust Fund, upon appropriation by the Legislature, to a training account established and maintained by the Secretary for Environmental Protection and allocates all remaining funds to the unified program agencies for expenditure to implement the Aboveground Petroleum Storage Act . This bill would make the fund and account operative until July 1, 2013, and would repeal the fund and the account on January 1, 2014.	Watch	September 8: Senate amendments concurred in. To Engrossing and Enrolling.

Natural Resources/Environment

AB 591 (Wieckowski)	Oil and gas production: hydraulic fracturing	This bill would define "hydraulic fracturing" and require a person carrying out hydraulic fracturing on behalf of an owner or operator at a well to provide to the owner or operator a list of the chemical constituents used in the hydraulic fracturing fluid and the amount of water and hydraulic fracturing fluid recovered from the well . The bill would additionally require the history of the drilling of the well to include certain information regarding the amount and source of water used in the exploration or production from the well and the radiological components or tracers injected into the well. The bill would also require the history to include, if hydraulic fracturing was used at the well, a complete list of the chemicals used in the hydraulic fracturing and the amount and disposition of water and hydraulic fracturing fluid recovered from the well .	Watch	August 26; Dead for 2011

BILL	TOPIC	SYNOPSIS	STAFF'S RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
Water Quality				
AB 1194 (Block)	Drinking water	The Calderon-Sher Safe Drinking Water Act of 1996 requires the State Department of Public Health to, among other things, adopt regulations relating to primary and secondary drinking water standards for contaminants in drinking water. The act authorizes the department to enter into primacy delegation agreements with local health officers for enforcement of these provisions. The act defines various terms, including human consumption, which means the use of water for drinking, bathing or showering, hand washing, or oral hygiene. This bill would include cooking, including, but not limited to, preparing food and washing dishes, in the definition of human consumption. This	Watch	September 2: Senate amenments concurred in. To Enrolling and Engrossing.
Water Use/Diversion				
AB 849 (Gatto)	Water: use efficiency: graywater building standards	Existing law authorizes a city, county, or other local agency to adopt, after a public hearing and enactment of an ordinance or resolution, building standards that prohibit entirely the use of graywater, or building standards that are more restrictive than the graywater building standards adopted by the Department of Housing and Community Development and published in the California Building Standards Code. This bill would repeal the authority of a city, county, or other local agency to adopt building standards that prohibit entirely the use of graywater and instead authorize the adoption, under specified requirements, of standards that are more restrictive than that adopted pursuant to state requirements. The bill would require that an ordinance enacted pursuant to this authority include the local climatic, geological, topographical, or public health conditions requiring different building standards. The bill would also require a city, county, or other local agency to seek consultation with the local public health department prior to commencing the issuance of permits for indoor graywater systems, as specified.	Watch	September 13: Enrolled and rpesented to the Governor at 11:00 a.m.

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: ADMINISTRATION
CONTACT Mike Wallace / John Yue / Tom Hughes

AGENDA DATE: September 21, 2011 **ITEM NO.** 15d

SUBJECT: Status Report On Separation Efforts

SUMMARY:

Business Administration:

- ADP's on-line client interview, training enrollment, client analysis, and benefit accrual analysis are completed. The local server for collection of eTime data is installed and software loaded. The test data from the County's existing payroll system has been transmitted to ADP for testing and analysis.
- Staff attended an ACERA Participating Employers' meeting on September 2, 2011. ACERA staff and its actuary consultant presented updates on the performance of the pension fund (15.6% for the period April 2010-March 2011), and recommendations to update the actuarial assumptions used in valuation studies (recommendation impact of 0.01%). Legislative updates were also presented on SB1479 and AB340 which may have impacts of financial tracking requirements.
- At the August 24 meeting of the financial software review staff committee, two vendors were selected to demonstrate their respective solution products on September 14 and 15.
- Staff is currently finalizing preparations to meet with the County Administrator's Office and review separation processes and milestones.

Employee Services:

- Signed copies of the Transition Agreement were received from Local 21 representatives on August 26, 2011, awaiting ratification by membership.
- Building Trades membership voted to ratify the Transition Agreement on September 12, 2011.
- Staff met with Alameda County Human Resources Services (HRS) representatives via conference call on Wednesday August 24, 2011 as a follow-up to the July 29 meeting to discuss progress on the various items, roles and responsibilities of separation, including administration of the Civil Service Rules.
- Staff and the County have agreed to continue Zone 7 employee benefits through the County as a subgroup with no change to the current package offerings. This would stay in place until agreements are in place with the labor groups for replacement benefits options.