



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, March 16, 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 Acting Zone 7 Board Secretary, Judy Rector, at (925) 454-5053 or fax (925) 454-5727. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

A G E N D A

1. Call Meeting to Order
2. Salute to Flag
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 February 16, 2011
5. Consent Calendar - none
6. Staffing Updates:
 - a. Employee of the Month Recognition
7. East Alameda County Conservation Strategy

Recommended action: Adopt resolution.

8. Board Reimbursement Policy Update

Recommended action: Adopt resolution.

9. Committees – Administrative Committee of February 23, 2011 – minutes
10. Items for Future Agenda – Directors
11. Reports – Directors
 - a. Written report by Director Quigley
 - b. Verbal reports
12. 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. Status of Zone 7’s Asset Management Program Update
 - f. Verbal Reports
13. CLOSED SESSION
 - a) Conference with Legal Counsel--Existing Litigation, Government Code Section 54956.9(a):
Petition for Extension of Time, Water Right Permit No. 11319 (Application No. 17002), State Water Resources Control Board.
 - b) Conference with Legal Counsel--Existing Litigation, Government Code Section 54956.9(a):
Margaret Chun v. Alameda County Flood Control and Water Conservation District, Zone 7, et al.
(Alameda County Superior Court Case No. HG11559731)
 - c) 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
14. Open Session and Report Out of Closed Session
15. Adjournment
16. Upcoming Board Schedule:
(All meeting locations are in the Board Room at 100 North Canyons Parkway, Livermore, California, unless otherwise noted)
 - a) Finance Committee Meeting: March 29, 2011, 4:00 p.m.
 - b) Delta Committee Meeting: March 31, 2011, 4:00 p.m.
 - c) Administrative Committee Meeting: March 31, 2011, 5:00 p.m.
 - d) Regular Board Meeting: April 20, 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

February 16, 2011

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

DIRECTORS: SANDS FIGUERS
JOHN GRECI
AJ MACHAEVICH
CHRISTOPHER MOORE
SARAH PALMER
RICHARD QUIGLEY
BILL STEVENS

DIRECTORS ABSENT: NONE

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
REN NOSKY, GENERAL COUNSEL
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS
JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE
CHERYL DIZON, ASSISTANT ENGINEER
JUDY RECTOR, ACTING BOARD SECRETARY

Item 1 – Call Meeting to Order

Item 2 – Salute to the Flag

Item 3 - Citizens Forum

Dave Lunn spoke about Shadow Cliffs. East Bay Regional Park District (EBRPD) just completed a draft Land Use Plan Amendment and Mr. Lunn felt that a number of people are discouraged to hear that Zone 7 doesn't seem to value the recharge capacity in Shadow Cliffs because of alleged comments from Zone 7 that they are discontinuing use of Shadow Cliffs for recharge in 2030. Zone 7 is considering charging EBRPD for recreational water for their lake. He also expressed concern about whether the Chain of Lakes Master Plan will include diversions downstream and diversions into Shadow Cliffs and he suggested that it should be put into the Chain of Lakes modeling. He suggested that a board-to-board meeting should occur so policy issues can be discussed.

Sue Plotkin, 2600 Nicrobria Lane, Livermore, also spoke. She wanted to share with the Board comments she heard last week at a meeting in Pleasanton on the Iron Horse Trail. People were concerned about the crossing on Santa Rita at Stoneridge. Santa Rita is very busy right there and she noticed there is a dead part of the median strip where people cut across. Zone 7 has an undercrossing there with a gate. Why can't the gate be opened and people be allowed to go under the crossing? A comment at the Trail's meeting was that Zone 7 was unresponsive and an impediment to solving this problem. She wanted to tell the Board what the perception of Zone 7

was at this large meeting. President Greci responded that we have been proactive working with the trail system throughout the entire valley and he can't perceive that the situation has gotten to where we were non-responsive. He promised her that staff will see what recourse we have in relationship to our liability and that she will get a response from Zone 7.

Item 4 – Minutes of the Regular Meeting of January 19, 2011

Director Palmer noted corrections in the minutes she had relayed to Acting Board Secretary Judy Rector prior to the Board meeting. These included a change in the way the vote was written twice on Page 2, once on Page 3 and once on Page 5 from a vote of 6-0-1 to 6-0 with President Greci absent. Director Quigley moved and Director Machaevich seconded approval of the corrected minutes of January 19, 2011. The voice vote to approve was 7-0.

Item 5 - Consent Calendar

Director Machaevich moved for approval and Director Palmer seconded the motion. The resolution was approved by a roll call vote of 7-0.

Resolution No: 11-4067 Authorized the General Manager to negotiate and execute a four-way funding agreement among EBRPD, ACWD, SCVWD, and Zone 7 to fund the Quagga and Zebra Mussel prevention program for Lake Del Valle through 2011, for a not-to-exceed cost to Zone 7 of up to \$79,320. (Item 5a)

Item 6 - Staffing Updates

Item 6a – Employee of the Month Recognition

Jeanne France, Account Clerk, is the December 2010 Employee of the Month. Jeanne was present at the meeting and was recognized for her work in the Accounting Section, located at our North Canyons Office. We all love to hear her stories about her involvement with Native American tribes. Last year she participated in a cultural exchange and dance program in New Zealand. Jeanne displays a commendable level of professionalism, initiative, and persistence when working with other employees, contractors, and Alameda County personnel. Jeanne was complimented for her ability to process transactions that affect everyone in the Agency. It is almost certain that all of us at Zone 7 have been the beneficiary of something Jeanne has done on our behalf. Jeanne displays a willingness to help other employees to solve difficult problems that affect the Agency, and to find creative solutions.

President Greci encouraged other employees nominated to be the Employee of the Month to attend Board meetings so Directors have the opportunity to meet the employee and express their appreciation for what they are recognized for at the meeting.

Item 7 – Toxic Sites Surveillance Program Annual Report for 2010 Water Year

Kurt Arends introduced Cheryl Dizon, Assistant Engineer in the Groundwater Section, who presented a report on the Toxic Sites Surveillance Program including an overview, an explanation of key elements, a quick update on the current status of the program, and highlighting a few priority sites and future actions planned.

Zone 7 documents and tracks toxic sites across the groundwater basin that pose a potential threat to drinking water. These sites can be former dry cleaners that used hazardous solvents such as PCE in their cleaning process which were improperly disposed of, industrial sites such as a microchip factory that used PCE as a metal degreaser, or they could be gas stations with leaking underground fuel tanks. Information is gathered from state, county, and local agencies, as well as from Zone 7's well permitting program.

Zone 7 is not the lead regulatory agency for these cases. The main agencies responsible for overseeing cleanup are the Regional Water Quality Control Board and Alameda County Department of Environmental Health. The Regional Board regulates industrial solvent users such as dry cleaners, and Environmental Health regulates petroleum spills or leaks such as gas station sites. The Fire Department gets involved when there is a tank or pipe removal because they are the permitting agency for fuel tanks. They perform inspections during actual tank removals or remedial excavations. Many times Zone 7 is behind the scenes to help regulators evaluate these cases more effectively. We serve as a local knowledge base for the groundwater basin, we know the location of our municipal wells and supply wells, we know the sensitivities of our basin, and we know when and where water resources will be put to the best beneficial use; all information necessary for effective site management. Zone 7 also serves as an advocate for retailers.

Zone 7's tracking program is designated the "Toxic Sites Surveillance (TSS) Program" and a report is generated annually to update the progress of investigations and clean-ups. The Annual TSS report includes updates for activities that occurred through the end of the 2010 Water Year (September 2010). Key parts of the Annual TSS Report are incorporated in the Annual Groundwater Management Program Report. Subsequent reports are planned for submittal at the end of every water year to coincide with the Annual Report for the Groundwater Management Program.

Currently there are 74 active sites in the TSS Program: 11 high priority (7 fuel sites, 4 solvent) and 36 moderate and 27 low priority use sites. In addition, 233 closed sites are still tracked including Hexcel, a Super Fund site, which was a manufacturing site for metals used in the aerospace industry and recently closed.

Director Moore asked if there is ever a time that we do remediation and then go after the owners if someone is unwilling to participate? Ms. Dizon responded that the lead regulatory agency would pursue and seek additional action through the District Attorney. Director Moore then asked what if it was a threat to groundwater, could some action be taken to remediate regardless of who is paying the bill? General Manager Jill Duerig said that clean up and remediation is slow so you can usually get enforcement in place and people moving more quickly going through the District Attorney's office. If so, there is a good chance Zone 7 would be a participating agency in pursuing that enforcement. There is also a state fuel tank fund and if there is no party that will do the remediation, the lead regulatory agency can use state funds; however, those funds are rarely used for doing the work because usually the responsible parties are pressured into doing it.

President Greci added that in most pump-and-treat processes used to remediate contaminated sites, it is all monitored and controlled by perimeter wells and the further out you get from the plume, the lower the levels. Until you get the contaminants out of the ground, they continue to

travel. It is a long, slow process to remediate contamination. President Greci's biggest fear is of a plume traveling toward a well because if it gets into the wells, we will have to treat or remediate water before we send it offsite to anyone. We will be actively involved, if we need that well, to put in a pump-and-treat system. The disadvantage is they are costly because of the energy cost to pump and it is an added cost to produce water so dilution is not the solution and the Regional Water Quality Control Board will not accept this treatment.

Item 8 – Committees – None.

Item 9 - Items for Future Agendas – Directors

General Manager Jill Duerig referred to Mr. Lunn's suggestion to continue to pursue setting up a Liaison meeting with East Bay Regional Park District. Last year Director Quigley sent a letter to EBRPD inviting a Liaison Committee meeting to which the Park District never responded. She asked the Board if they want another letter to go to EBRPD. President Greci encouraged having a meeting. Zone 7 has to maintain a good working relationship with EBRPD, especially when it comes to Chain of Lakes. President Greci suggested that with all the confusion and questions, we should pursue a Liaison committee. After further discussion, Ms. Duerig asked if board members preferred a Liaison meeting or talk about it at an Administrative Committee meeting first so that staff could share some extra information. Board members directed staff to discuss first with the Administrative Committee.

Director Quigley encouraged Board members to attend the California Special Districts Association annual dinner meeting March 31 at the Pleasanton Marriott.

Director Figuers referred to an article in the Zone 7 Newz at 7 about steelhead trout being introduced into Alameda Creek and going into Arroyo Mocho and Arroyo del Valle. He suggests a cautious approach based on good science and valley history. President Greci agreed.

Director Quigley noted that there is a new trail bridge across the fish ladders on the Mocho just east of El Charro Road that may be a byproduct of a \$762,000 Proposition 50 grant that came in a few years ago. Those fish ladders have been there many years and cost a lot of money, but he doesn't think a fish has ever been through them. We need water and we import 80 to 90 percent of our water. We pump it into Del Valle and drag it through Shadow Cliffs and we have to remember that our streams have historically gone dry. As we work with the Department of Fish and Game, we need to get together so we get the water we need for our community and that requires a fix to the conveyance through the Delta.

Director Palmer added that biodiversity allows some years where the fish all die and some years where they don't. As long as you don't choose from the same genetic component, they are not all going to be traveling up the stream at the same time; some are going to remain out at sea.

Item 10 - Reports - Directors

- a. Written report by Director Quigley
- b. Verbal reports

Director Palmer reported on a January 28th meeting she and General Manager Jill Duerig had with Supervisor Haggerty to discuss separation. Director Palmer commented that Zone 7 staff

has done an amazing job with preparation and setting forth plans on what needs to be done for separation. Supervisor Haggerty wants to be kept in the loop on the issue of separation.

Director Greci noted that he and General Manager Jill Duerig also had a meeting with the City of Dublin's City Manager, Mayor, and Councilwoman Hildenbrand and it went extremely well.

These meetings with the cities are informational only, have been very positive, and so far the cities seem to be in full agreement with the rationale we are using.

Item 11 – Staff Reports

11. 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

The Board went into a second closed session at 7:55 p.m.

Item 12 - CLOSED SESSION

- a) 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
- b) Conference with Legal Counsel--Existing Litigation, Government Code Section 54956.9(a): *Margaret Chun v. Alameda County Flood Control and Water Conservation District, Zone 7, et al.* (Alameda County Superior Court Case No. HG11559731)
- c) Conference with Legal Counsel--Existing Litigation, Government Code Section 54956.9(a): *Mechanical Analysis and Repair, Inc. v. Alameda County Flood Control and Water Conservation District, Zone 7* (Alameda County Superior Court Case No. VG11556050)

Item 13 – OPEN SESSION AND REPORT OUT OF CLOSED SESSION

At 8:40 p.m., the Board came out of closed session. President Greci reported that the Board unanimously approved a Tentative Agreement with SEIU, Local 1021 extending the terms of the current MOU through June 28, 2011, and that salaries for all SEIU represented classifications shall not be increased for that time period (Resolution No. 11-4068.)

The meeting was adjourned at 8:45 p.m.



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: HUMAN RESOURCES
CONTACT PERSON: TOM HUGHES

AGENDA DATE: March 16, 2011

ITEM NO. 6a

SUBJECT: Employee of the Month Recognition

SUMMARY:

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

Tamara Baptista, Financial and Systems Services Manager, has been chosen from among those nominated as the January 2011 Employee of the Month. Tamara works in the Finance Section, located at our North Canyons Office. According to the recommendation the committee received, Tamara's efforts each year on the budget and water rates should be recognized and appreciated. She works conscientiously to save the Agency money, which is especially important given the current economic climate. Tamara is complimented for being helpful to other employees, explaining the budget preparation process, and working to assemble the finished budget from all departments. Only through diligent work can explanation of requested budgets and proposals of necessary water rates then be developed. Tamara's work makes it possible for the board to make reasonable and defensible decisions that determine the financial health of the Agency, with results that affect all of us.

RECOMMENDED ACTION:

It is recommended that the Zone 7 Board of Directors recognize and congratulate Tamara Baptista as January 2011 Employee of the Month.



ORIGINATING SECTION: ENGINEERING
CONTACT: MARY LIM / KURT ARENDS

AGENDA DATE: March 16, 2011

ITEM NO. 7

SUBJECT: East Alameda County Conservation Strategy

SUMMARY:

- Zone 7 projects are subject to a number of Federal and State environmental regulations, such as the Federal and California Endangered Species Acts.
- In the past, conservation resulting from project mitigation in East Alameda County has been ineffective in protecting endangered or threatened species because mitigation has been piecemeal and on a project-by-project basis. In addition, there were no standardized minimum mitigation requirements, which led to uncertainty in how much mitigation was needed for project impacts. For these reasons, local jurisdictions, like Zone 7, have experienced project delays due to endangered species permitting.
- Since November 2007, Zone 7, Alameda County Community Development Agency, Alameda County Congestion Management Agency, Alameda County Conservation Partnership, Alameda County Waste Management Authority, the Cities of Dublin, Livermore and Pleasanton and East Bay Regional Park District have been working in collaboration with the U.S. Fish and Wildlife Service, California Department of Fish and Game and the San Francisco Bay Regional Water Quality Control Board (collectively known as the “Steering Committee”) to develop the East Alameda County Conservation Strategy (“Conservation Strategy”).
- The Conservation Strategy contains standardized avoidance and minimization measures, mitigation ratios, habitat quality scoring sheets, and conservation goals and objectives to measure effectiveness of the strategy. These guidelines for mitigation practices in East Alameda County will streamline environmental permitting for future Zone 7 projects. The information contained in the Conservation Strategy can also be incorporated in the biological resources section of the project environmental document.
- The Conservation Strategy provides a regional approach to conservation in East Alameda County, in order to best protect endangered or threatened species in this area, the Federal and State wildlife agencies fully support and intend to utilize the document when permitting projects that follow the Conservation Strategy.
- Staff is recommending that Zone 7 accept the East Alameda County Conservation Strategy as guidance for Zone 7’s future projects.

RECOMMENDED ACTION:

Adopt the attached resolution (1) accepting the East Alameda County Conservation Strategy as guidance for Zone 7’s future projects, particularly for CEQA and endangered species permitting; and (2) approve Zone 7’s participation in the EACCS Implementation Committee.

ATTACHMENTS:

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

Interoffice Memo

Date: March 16, 2011
To: Jill Duerig, General Manager
From: Mary Lim, Associate Water Resources Planner
Subject: East Alameda County Conservation Strategy

BACKGROUND

The U.S. Fish and Wildlife Service (USFWS) recognized there was a need for and supported the development of a regional conservation strategy in East Alameda County that would provide a biological framework for environmental permitting of public and private development. (See attached joint letter from USFWS and California Department of Fish and Game (CDFG) to the Cities of Livermore, Dublin, and Pleasanton, the Board of Supervisors of Alameda County, and the Boards of Zone 7 and the Alameda County Congestion Management Agency.) As a result, Zone 7, Alameda County Community Development Agency, Alameda County Congestion Management Agency, Alameda County Conservation Partnership¹, Alameda County Waste Management Authority, the Cities of Dublin, Livermore and Pleasanton and East Bay Regional Park District worked in collaboration with the USFWS, CDFG and the San Francisco Bay Regional Water Quality Control Board (SFRWQCB) to develop the East Alameda County Conservation Strategy (“EACCS” or “Conservation Strategy”). These agencies, collectively known as the Steering Committee, retained ICF Jones & Stokes to assist with facilitating and organizing this effort because of ICF’s extensive experience with natural resources in eastern Alameda County and expertise with conservation planning in areas adjacent to eastern Alameda County. The EACCS will be a blueprint for the conservation of specific biological resources in East Alameda County, particularly those subject to federal and state Endangered Species Act regulation. The strategy will provide Zone 7 and the rest of the partnering agencies with the following benefits:

- Streamlined permitting process by directing individual mitigation actions toward mitigation that regulatory agencies will support;
- Streamlined CEQA process by providing a vehicle for comprehensive mitigation for direct and cumulative impacts to biological resources;
- Up-to-date scientific and biological basis for species conservation efforts;
- Creating partnerships with the regulatory agencies, local landowners, public entities and municipalities that will improve relations among the parties; and
- Creating eligibility for state and federal financial contributions to local conservation efforts.

The Users Advisory Group (UAG) was established by the Steering Committee to review and comment on EACCS material and, at critical stages in the process, the UAG made recommendations to the Steering Committee. The Users Advisory Group included technical and non-technical representatives from various interest areas including development, environmental and conservation groups, local landowners, and other local agencies.

DISCUSSION:

Local agencies in eastern Alameda County have, until now, primarily conducted threatened and endangered species permitting for urban growth, infrastructure development, and operations and maintenance activities with the Resources Agencies (i.e. USFWS, CDFG, SFRWQCB) on a project-by-project basis. This has often resulted in project delays, inconsistencies during the review process, and piecemeal mitigation for special-status species and natural communities. USFWS and CDFG identified the need for and recommended the development of a comprehensive regional conservation strategy for the area.

¹ The Alameda County Resource Conservation District (ACRCD) and the USDA Natural Resources Conservation Service (NRCS) make up the Alameda County Conservation Partnership.

In late 2006, Zone 7 initiated discussions with the local municipalities, Alameda County, and other local infrastructure agencies that have faced project delays as a result of environmental permitting and would benefit from having a regional conservation strategy. Because there are local growth controls in place, the levels of future residential and commercial development on natural lands were expected to be relatively low so there would not be enough funding to develop a larger habitat conservation plan. Therefore, at USFWS's suggestion (see attached letter), Zone 7, Alameda County Community Development Agency, Alameda County Congestion Management Agency, Alameda County Conservation Partnership, Alameda County Waste Management Authority, the Cities of Dublin, Livermore and Pleasanton and East Bay Regional Park District worked in collaboration with the USFWS, CDFG and SFRWQCB (hereinafter "Steering Committee") to develop the East Alameda County Conservation Strategy. To help guide the Steering Committee, the Santa Rosa Plain Conservation Strategy was used as the model for the EACCS.

The Steering Committee retained ICF Jones & Stokes to assist in the development of the EACCS and elected Zone 7 to be the EACCS Coordinator and the contract administrator for the ICF Jones & Stokes contract. EACCS was developed in three phases for a total cost of \$391,862. The cost was funded partly from a CALFED Watershed – Proposition 50 Grant with the remaining funded by the local agencies. Phase 1 work tasks included compiling land use and open space data and mapping land cover and focal species. Phase 1 was completed in May 2008. Phases 2 and 3 included the following tasks: conducting conservation gap and corridor analysis; developing conservation goals and priorities; preparing the draft and final conservation strategy report; developing a communication plan; developing and maintaining a standalone website for EACCS; and providing strategic communication counsel. Phases 2 and 3 were completed in December 2010.

The Conservation Strategy is designed to provide a baseline inventory of biological resources and conservation priorities that will be utilized by local agencies and resources agencies during project-level planning and environmental permitting. The Conservation Strategy describes how to avoid, minimize, and mitigate impacts on selected focal special-status species and sensitive habitats. By implementing the Conservation Strategy, local agencies can more easily address the legal requirements relevant to these species. Projects and activities that will benefit from this Conservation Strategy include urban and suburban growth and a variety of road, water, and other needed infrastructure construction and maintenance activities. Because this Conservation Strategy will not result in permits, but rather serve as guidance for project-level permits, individual projects may need to implement different or additional avoidance, minimization, and mitigation measures than what is outlined in the Conservation Strategy. To avoid this from happening, the Resource Agencies (particularly USFWS & DFG) have participated in the development of this Conservation Strategy with the intent that it becomes the blueprint for all mitigation and conservation in the study area.

To support the project permitting process, the Conservation Strategy identifies a set of mitigation standards. These standards include avoidance and minimization measures and a compensation program to offset impacts expected from projects in the study area. They also include a set of specific management prescriptions to benefit natural communities and focal species. To address the needs of conservation actions that occur independently of project mitigation (e.g., by nonprofit organizations, land trusts, local agencies, or voluntary actions by private landowners), the Conservation Strategy sets long-range conservation goals for preservation of all natural communities in the study area. The Conservation Strategy is designed to contribute to species recovery to help to delist the listed focal species and prevent the listing of non-listed focal species through the protection, restoration, and enhancement of natural communities and species habitat. By focusing on conservation at the natural community level as well as at the focal species level, the Conservation Strategy will also ensure that common habitats and common species continue to be common in the study area.

NEXT STEPS

In order to track how the strategy is working and update the strategy over time, an Implementation Committee will be formed. This committee will consist of one representative from each local agency that was a member of the Steering Committee during the planning process. Input from other local stakeholders will come from a public advisory committee. Initially the Implementation Committee is expected to meet monthly but eventually the committee will likely meet less frequently. The committee will check in with the resource agencies on the effectiveness of the strategy for their respective permitting processes and receive continual feedback from local agencies and permitting participants on implementation. In order to maintain transparency, all Implementation Committee meetings will be open to the public.

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

EAST ALAMEDA COUNTY CONSERVATION STRATEGY

WHEREAS, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District authorized the General Manager to execute a funding agreement with Alameda County Community Development, Alameda County Congestion Management Agency, Alameda County Resource Conservation District, Alameda County Waste Management Authority, the Cities of Dublin, Pleasanton and Livermore, and East Bay Regional Park District for the development of the East Alameda County Conservation Strategy (hereinafter "EACCS" or "Conservation Strategy"); and

WHEREAS, the U.S. Fish and Wildlife Service, California Department of Fish and Game and the San Francisco Bay Regional Water Quality Control Board participated in the development of this Conservation Strategy with the intent that it becomes the blueprint for mitigation and conservation in the study area; and

WHEREAS, the Conservation Strategy is designed to provide a baseline inventory of biological resources and conservation priorities that will be utilized by local agencies and resources agencies during project-level planning and environmental permitting; and

WHEREAS, the Conservation Strategy identifies a set of mitigation standards, which include avoidance and minimization measures and a compensation program (i.e. mitigation ratios) to offset impacts expected from projects in the study area. It also includes a set of specific management prescriptions to benefit natural communities and focal species.

NOW, THEREFORE BE IT RESOLVED, that the Conservation Strategy will serve as the baseline inventory of biological resources and conservation priorities that will be utilized by Zone 7 during project-level planning and environmental permitting; and

BE IT FURTHER RESOLVED, that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District does hereby (1) accept the East Alameda County Conservation Strategy as guidance for Zone 7's future projects, particularly in the CEQA and endangered species permitting stages of project implementation; and (2) support Zone 7's ongoing participation in the EACCS Implementation Committee.

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

March 16, 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: ADMINISTRATION
CONTACT: JILL DUERIG

AGENDA DATE: March 16, 2011

ITEM NO. 8

SUBJECT: Amending Board Policy on Directors' Compensation and Reimbursement

SUMMARY:

- On February 23, 2011, the board's Administrative Committee met and reviewed the existing policies and guidelines concerning directors' reimbursement for travel and other expenses (reference committee notes).
- At that meeting, the committee directed the General Manager to draft a second amendment to the existing policy, "Zone 7 Board of Directors Compensation and Expense Reimbursement Policy" to better reflect actual reimbursement protocols.
- A draft red-line revision based on committee comments is attached.

FUNDING:

There is no funding impact as a result of this action.

RECOMMENDED ACTION:

Adopt attached Resolution.

Attachment: Resolution with recommended changes shown as red-lines

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

AMENDMENT TO ZONE 7 BOARD OF DIRECTORS COMPENSATION
AND EXPENSE REIMBURSEMENT POLICY

WHEREAS, on March 15, 2006 the Zone 7 Board of Directors adopted the “Zone 7 Board of Directors Compensation and Expense Reimbursement Policy” as required by AB 1234; and

WHEREAS, on November 15, 2006 said policy was amended; and

WHEREAS, it is desirable to again amend the policy to facilitate Directors’ attendance at certain non-Zone 7 sponsored activities relevant to and benefiting Zone 7;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve Amendment No. 2 to the existing “Zone 7 Board of Director Compensation and Expense Reimbursement Policy,” as shown on the attached red-line document.

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

March 16, 2011

By _____
President, Board of Directors

Zone 7 Board of Directors

Compensation and Expense Reimbursement Policy

(amended November 15, 2006; ~~March 16, 2011~~)

The members of the Board of Directors will fully comply with the provisions of the following "Policy on Directors' Compensation and Expense Reimbursement."

A. Compensation for Attendance at Zone 7 Meetings:

Board Members will be compensated at the rate determined by the Board consistent with applicable law for attendance at regular and special meetings of the Board, including Board committee meetings and for attendance at biennial AB 1234 required ethics training courses approved by the Fair Political Practices Commission & Attorney General's Office.

B. Compensation for Attendance at Non-Zone 7 Meetings:

Each member of the Board of Directors is encouraged to participate in those outside activities and organizations which in the judgment of the Board further the interests of Zone 7. Board Members may request compensation for attending non-Zone 7 Board meetings, events or activities, including conferences and organized educational programs, pursuant to the following procedure:

1. Prior to attendance at a non-Zone 7 sponsored meeting, event or activity, Board Members shall submit his/her request for compensation for such attendance.
2. Requests for compensation shall be included as an agenda item for Board consideration at the next regularly scheduled public meeting of the Board of Directors.
3. Board Members shall provide to the General Manager or his designee, the Member's ~~written~~ request for compensation no later than ~~eight~~ ten (10) days prior to the regularly scheduled Zone 7 Board of Directors public meeting at which the Member's request is to be considered by the full Board.
4. Board Members' ~~written~~ request shall, at a minimum, include the following information:
 - i. a description of the meeting, event or activity
 - ii. the host/sponsor of the meeting, event or activity

- iii. the date, time & place
 - iv. purpose of attendance
5. The General Manager shall ~~place~~ prepare an Agenda Item to reflect the Board Member's ~~written~~ request for compensation and place it on the agenda of the scheduled meeting of the Board of Directors at which the request will be considered.
 6. When considering requests for compensation by Board Member(s), the Board of Directors shall take into account whether the Member's attendance is in furtherance of rendering service to Zone 7 and is clearly relevant to Zone 7 Activities.
 7. Compensation for attendance at non-Zone 7 meetings, events or activities, shall only be permitted upon approval of the Board of Directors in conformity with ~~this herein~~ policy and procedure.
 8. Notwithstanding the foregoing, Board Member compensation for attendance at Zone 7 Board Meetings and approved non-Zone 7 Board meetings, events or activities, shall not be paid for more than a total of four (4) days in any calendar month as provided for by the Alameda County Flood Control and Water Conservation District Act.

C. Amount of ~~Remuneration-Compensation~~ for Attendance:

The amount of ~~remuneration-compensation~~ to Board Members for attendance at each meeting, event and activity authorized pursuant to Sections A & B above, shall be reviewed on a biennial basis. The amount of ~~remuneration-compensation~~ shall be established in accordance with the provisions of Water Code Section 20200, et seq., and shall be adopted by ordinance. There will be no such compensation unless specifically approved by the board (in addition to approval for reimbursement of actual and necessary expenses).

D. Reimbursement of Actual and Necessary Board Member Expenses:

Board Members shall be entitled to reimbursement for meals, lodging and travel expenses incurred to attend a meeting, event or activity approved by the Board of Directors pursuant to Section B above; provided, however, no compensation will be paid to any Board Member unless an expense report has been submitted by that Board Member, as provided below. Note that the board approves a total travel budget for all directors (rather than for individual directors) each year as part of the final budget approval process.

Notwithstanding the foregoing, reimbursement of Actual and Necessary Expenses incurred by Board Members in connection with attendance at the following conference(s)/course(s) shall be permitted without prior Board approval:

- a) Association of California Water Agency (ACWA) Conferences one time per

calendar year.

- b) Biennial Fair Political Practices Commissions & Attorney General approved Ethics training courses in connection with AB 1234 required ethics training.

1. General Rules Applicable to Directors' Expenses:

- i. All expenses will be reasonable and necessary and Directors are encouraged to exercise restraint in all expenditures.
- ii. Government and group rates shall be used when offered by a provider of transportation or lodging services for travel and lodging when available. In the event a more expensive class of transportation is used, the reimbursable amount will be limited to the cost of the most economical class of transportation available. Reimbursement for use of personal autos will be at the applicable County of Alameda Auditor-Controller approved rate.
- iii. Expenditures for food and lodging will be moderate and reasonable and in accordance with District policy.
- iv. The policy is intended to result in no personal gain or loss to a Director.

2. Transportation Expenses:

Subject to this provision, Directors will be reimbursed for all expenses consistent with Paragraph 1 above, incurred in traveling to and from conferences, meetings and other events which are attended on behalf of the District in their capacity as Directors. Travel expenses will include round-trip air fare, actual expenses for ground transportation to and from airports and hotels, car rental, and or mileage reimbursement (at the maximum allowable per mile rate established from time to time by the County of Alameda Auditor-Controller) for use by Directors of privately-owned vehicles in the conduct of District business.

Reimbursement for public transportation, parking and bridge tolls is based on the submission of receipts attached to the expense report, except that receipts are not required for metered parking (which should be designated on the claim).

3. Overnight Accommodations:

- i. Lodging costs are allowable if the time of the conference and the distance traveled justify the overnight stay. No reimbursement claim or request for overnight accommodations will be approved for expenses incurred within the District's service area, except upon approval of the Board.
- ii. If lodging is in connection with a conference or organized educational activity, lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the Board Member at the time of booking. If the group rate is not available, the

Board Member shall use comparable lodging.

- iii. Alcoholic beverages and other non-essential expenses (including, but not limited to, in-room movies, Service Bar, health club fees, etc.) will not be reimbursed.
- iv. Where reasonably possible, accommodations will be obtained in proximity to the conference or meeting site.
- v. Reimbursement for lodging costs requires a copy of the hotel statement and proof of payment.

4. Meal Expenses:

Directors will be entitled to receive reimbursement for actual cost of meals exclusive of alcoholic beverages consistent with Paragraph 1 above and subject to the following:

Meals may be reimbursed in one of the following ways:

- a) If receipts are provided with the expense reimbursement claim for all meals, the actual cost of each meal (within reason), tax and tip shall be reimbursed.
- b) If receipts are not provided for all meals, ~~the reimbursement may be at amount is the lesser of actual cost or the~~ a flat rate for actual meal expense rates established by the Alameda County Auditor-Controller and is subject to the following individual limits in effect as of ~~February 2006~~ July 1, 2007 or at the limits as may be subsequently adjusted by the County Auditor-Controller, whichever is higher:

- Breakfast \$ 117.00
- Lunch \$ 1612.00
- Dinner \$ 2923.00
- **Maximum Daily Rates: All Meals** \$ 5642.00

Tips for meals (with receipts) will be reimbursed ~~and are not included in the calculation of the maximum rates set forth above~~. Tips are reimbursed for reasonable amounts in accordance with community standards (currently 15%) and must be shown on the receipt. Tips for taxi service, porters and other services not directly connected to meals are not reimbursable.

NOTE: The maximum flat-rate reimbursement per day for meals of \$4256.00 is **not** a per diem. To be reimbursed, the claimed meal must be purchased. If less than three meals in the day are purchased, the claim may not exceed the maximum amount

reimbursable for those meals. Normally, only lunch would be reimbursed for a day conference.

5. Registration Fees:

For conferences and seminars, the Board Member claimant must provide a copy of the program announcement, agenda and registration form, showing the conference location, dates, times, activities, costs and any lodging or meals included in the registration fee.

E. Reimbursement Procedure:

All requests for reimbursement for actual and necessary expenses incurred on behalf of the District in the performance of official duties shall be submitted to the District's General Manager (or his designee) within 45 days after the expenses were incurred or expenditures made, unless circumstances warrant otherwise. Requests for reimbursement or accountings will be submitted, on expense report forms provided by the Alameda County Auditor-Controller's Office, and will be accompanied by receipts evidencing each expense or other documentation deemed satisfactory by the County Auditor-Controller. All out-of-pocket expenses must be supported by proof of payment (i.e., cash receipts, money orders, credit card charge slips, cancelled checks or copy of the bank statement showing the posted payment).

F. Board Member Reports:

Members of the Board of Directors shall provide brief written reports or presentations (less than five minutes) on meetings, events or activities attended at the expense of the District at the next regular Board of Directors meeting. Ideally, such reports should contain a summary of meetings attended and specific lessons learned with appropriate references so that additional information on selected topics can be obtained by other directors and staff, so that others who have not attended will be able to have access to the information made available during the meeting, event or activity.

G. Pre- Approval Exception:

Notwithstanding anything to the contrary contained herein, in the event there is insufficient time to comply with the pre-approval process for attendance at non-Zone 7 sponsored activities as set forth Section B of this Policy because Directors do not receive timely notice from the activity sponsor or as a result of circumstances reasonably beyond their control, Directors may choose to attend and seek the Board's approval thereafter. After such attendance, Directors shall at the next regularly scheduled meeting of the Board, request Board approval for compensation and/or reimbursement in conformity with the procedure set forth in Section B (3) through (6) herein together with a detailed explanation as to why timely compliance with the pre-approval process was not feasible. The Board shall have the right to reject any post-attendance request for approval if the failure to obtain pre-attendance approval results from a Director's own negligence or willful failure to timely submit his/her request.

**Zone 7 Water Agency
Administrative Committee:
Summary Notes and Minutes**

Meeting Date:	February 23, 2011	Start Time:	4:00 p.m.	
Directors Present:	J. Greci S. Palmer B. Stevens	Staff Present:	K. Arends J. Chahal J. Duerig	M. Katen M. Lim E. Rank

1. Public Comment on Items Not on the Agenda

Members of the public did not provide comments.

2. East Alameda County Conservation Strategy

Mary Lim gave a presentation to the Committee updating them on the East Alameda County Conservation Strategy (EACCS). The Conservation Strategy contains significant amounts of biological and land use data (in GIS format), as well as conservation goals and objectives, mitigation measures and mitigation ratios, and a habitat quality scoring system. This document will provide benefits to Zone 7, as well as to other agencies, land conservation organizations, land developers, and the resources agencies, by way of streamlining future permit processes. The data is meant to be used, shared, and updated by all.

The document is complete, but serves as a living document. The Steering Committee will now function as an Implementation Committee. While the details have yet to be worked out, it is assumed that the document/data will live with one agency (serving as data manager), and it will be updated at least annually by the Implementation Committee. A Public Advisory Committee will also be formed.

Director Greci asked if Zone 7 might want to be manager of the document/data, perhaps if the cost is low or if other agencies are willing to share the cost. During the public comment period, retired geologist Dave Lunn asked if the Regional GIS Group would receive the data, and staff's answer is that they do - and it has been suggested that perhaps that group is well suited to manage the data into the future.

This item will be on the March meeting of the Board of Directors.

3. Coordinating with East Bay Regional Parks District on Shadow Cliffs

Elke Rank gave a presentation to the Committee updating them on Zone 7's ongoing groundwater recharge operations at Shadow Cliffs, the East Bay Regional Parks District's (EBRPD) Land Use Plan Amendment (LUPA), and coordination between the agencies, noting that the presentation had been a team effort by herself (environmental), Matt Katen (groundwater), and Jarnail Chahal (engineering).

Shadow Cliffs is currently the only lake available to Zone 7 for recharge. In 2002, EBRPD built a siphon that siphoned water from Arroyo Del Valle to Shadow Cliffs. EBRPD owns and operates this siphon with water supplied by Zone 7. Staff estimated the efficiency of the recharge and stated that approximately 64% of water siphoned into Shadow Cliffs percolates to groundwater when considering the amount of evaporation from the lake.

The EBRPD's LUPA for Shadow Cliffs is available online for public comment. In the Plan, there are textual misunderstandings/inconsistencies regarding Zone 7's future ability to provide water to maintain the lake levels. Zone 7 will be providing comprehensive comments to the Park District. Staff's current

assumption is that Zone 7 will continue to provide water when available; however, water allocations, recharge needs, facility status and the need for operational flexibility will continue to define availability.

During the public comment period, retired geologist Dave Lunn commented that the public had previously raised issues that led EBRPD to slow down the LUPA approval process. He suggested that EBRPD should not count on any water from Zone 7. He said he was confused about the 64% percolation calculation made by Zone 7 staff and the remainder of the siphoned water being lost to evaporation since evaporation in the lake would happen regardless of the siphon. He also stated that it is not only siphoned water that is evaporated. Staff stated that recharge was calculated by taking evaporation minus the rainfall on the lake, which is left at a constant level to provide a point of reference for relative recharge.

Director Greci acknowledged Zone 7's good working relationship with EBRPD, and further, asked if Zone 7 increases transfers into the lake during the summertime, which staff responded it is most likely the case. Director Stevens stated that we need to look at this from an economic standpoint; a third of the water is lost to evaporation, which has a financial impact. Director Palmer would like to see us move to rate statements in the future (i.e. rate of percolation and rate of evaporation); then we can begin to look at efficiencies. Staff asked the Committee if they would like to have a Board liaison meeting with the EBRPD Board to discuss continued operations of the siphon, etc. The Committee stated that staff should communicate as part of our anticipated written comments on the draft LUPA that the Zone 7 Board is still willing to meet as a liaison committee, and then allow EBRPD decide if or when to meet.

4. Consider Update of Board Policy on Conducting Business

Jill Duerig described some of the inconsistencies between actual practice and the existing *Board Policy on Conducting Business*, in particular the *Directors Compensation And Expense Reimbursement Policy*. The Committee commented that the policy should be re-written so that it reflects our current practices. Jill will draft new text for possible amendment to the Board Policy, such that a total budget for Board travel is to be approved each year, and that a "lessons learned" style presentation or written summary is a requirement for any Director who travels to a conference or seminar.

5. Possibility of Adjusting Sumer Office Schedule for North Canyons Building

Jill Duerig described the benefits of providing a 9/80 work week for all staff at the North Canyons office, such as reduced air conditioning cost at the office, reduced employee travel expense, work/life balance, air quality implications, etc. A suggested summer pilot program was described for the North Canyons office that mimics the 9/80 schedule at DSRSD, which closes their office every other Friday during the summer months. She asked the committee if there were any fatal flaws to that concept or if she could explore via meet-and-confers with the bargaining units. The Committee supports a pilot program this summer.

6. Verbal Comments

AGM Kurt Arends provided an update to a public comment made at the regular February Board Meeting regarding the Iron Horse Trail. A member of the public had suggested that Zone 7 was acting as a barrier to the Iron Horse Trail extension in Pleasanton. In response, Kurt summarized that the only activity Zone 7 has been engaged in recently regarding the Trail is having the opportunity to comment on two possible new routes, indicating that we would prefer an option that avoided a new trail segment requiring a bridge near the demineralization facility because of potential conflicts with easements and pipelines. Staff will be sending a follow up comment letter clarifying Zone 7's comments and willingness to work with EBRPD on any proposed alternatives.

7. Adjournment

Meeting was adjourned at 5:15 p.m.

3/16/11 Board Written/Narrative Comments by Dick Quigley

Wednesday, February 23 – Attended East Bay Regional Park District (Shadow Cliffs-LUPA) meeting. Written comment period remains open through March 21, 2011. I am supportive of Friends of Shadow Cliffs recommendation for an Interpretative Center educationally showcasing history, water, energy and the environment, and a regional trail hub supporting non-vehicular transportation health and fitness.

Monday, February 28 – Thursday, March 3 – Attended the ACWA Washington DC Annual Conference aptly titled “Mid Term Madness.” The thrust was to meet, greet, listen, and educate our California delegates to work together to help solve California’s water problems. We all received a binder which I will make available to interested staff and board colleagues. (The package was left with all legislators and staff visited.) We broke into teams Tuesday lobbying our folks on the hill. The teams were: Comprehensive Water Package, Water Supply, Infrastructure & Agriculture, and Drinking Water & Energy. I was privileged to serve on the Infrastructure and Agriculture team.

My take away this year:

- Each year the fraction of the debt=12K per capita.
- Dollars and budget to spend (allocated not used) will be directed to education, infrastructure projects, “Foundational to the Economy” 2012-14 projects at various Agency levels seek sharing and partnering, qualified bonds or appropriation partnerships. WIFA might be an option - check TIFA.
- One-dollar investment can create \$6 in cities and CREATE JOBS.
- Ohio model for State partnerships was used as an example for Education, Trends and Stories, and Good Drinking Water Stories and success. Knowledgeable staffers told us that \$1.20 surface water protection yields \$27.00 TREATMENT REDUCTION. (Might be applicable for us in Delta discussions).
- From a Deputy Assistant Secretary (Water & Science) of the Department of Interior (John Tubbs) SRF (State Revolving Loan Fund) revive! “Surface Water serves millions, ground water serves places and is connected, and to deny connection gets you in trouble.” Watershed approach is the best approach! Water Resources Act in progress, Clean Water Act. “Existing guidance is not helping the economy” also said they are working on a water transfer rule. “Fully behind BDCP and Conner is engaged.” Very concerned about levee safety, rehabilitation, and have a Safety First Policy.
- BDCP & Delta Commission - Seems to be on the radar of all our Cal legislators and Agency Staffers, at a much higher interest and awareness level than last year. This was a positive take away. Co-equal value seems to be gaining traction.
- New committee assignments post-November election seemed to be beneficial to Cal, only time will tell.
- All asked for letters from home, often on issues where DC folks can participate in a partnered solution.
- It is an honor to serve as the Zone 7 representative on this important trip. Thank you for your continued support, and let me know if you have any questions or want to view the March Madness Binder.

Let me know if you have any questions.

Thanks!
Dick Quigley



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: March 16, 2011

ITEM NO. 12a

SUBJECT: GENERAL MANAGER'S REPORT

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

Environmental & External Affairs:

- On February 14, 2011, the California Delta Stewardship Council (DSC) released its first draft of the "Delta Plan," a framework for addressing some of the problems that have faced the Sacramento-San Joaquin Delta (Delta), including achieving the state's coequal goals of providing a reliable water supply while protecting, restoring and enhancing the Delta's ecosystem. Some of the major points in the draft Plan are that it recognizes the importance of the BDCP, it recommends an isolated facility, it recommends separation of the State Project from DWR management and it recognizes that it may not be feasible to prevent the extinction of certain species at this time (see http://www.deltacouncil.ca.gov/draft_delta_plans.html).
- The Public Policy Institute of California (PPIC) issued a 400-page book, "Managing California's Water: From Conflict to Reconciliation," authored by scientists, engineers, economists and legal experts (<http://www.ppic.org/main/publication.asp?i=944>). PPIC not only reiterated the need for an alternative conveyance project as critical to Delta restoration, it also joined the Little Hoover Commission and the DSC in calling for the State Water Project (SWP) to be operated as an independent utility rather than as part of DWR to improve efficiencies.
- A stipulation (agreement between the parties) was filed at the end of the month in Judge Wanger's case on the Delta Smelt, relieving smelt-driven flow restrictions between now and the end of June 2011. While this does not impact the parallel salmon cases or restrictions, it will allow for more water to be delivered and/or shifted around the state during the next few months.
- Contra Costa Water District continues to interface with local media and legislators suggesting that a smaller (3,000 cfs) conveyance should be built instead of the proposed project (15,000 cfs). Given the need to build the new Delta conveyance for flow conditions that maximize operational flexibility, the proposed project is unlikely to change unless the level of participation changes drastically. South Bay Contractors sent another clarification to local newspapers.

Engineering and Flood Control:

- As the unseasonal dry weather experienced in January continued through the first part of the month, staff continued topographic and cross-sectional surveys of this season's bank slides along flood control channels to get a head start on preliminary design and quantity calculations in preparation for summer maintenance projects.
- EBRPD received a grant of \$50,000 towards the quagga inspections at Lake Del Valle. This grant will be split between the four funding agencies and serve as a \$12,500 credit towards each agency's share in the program.

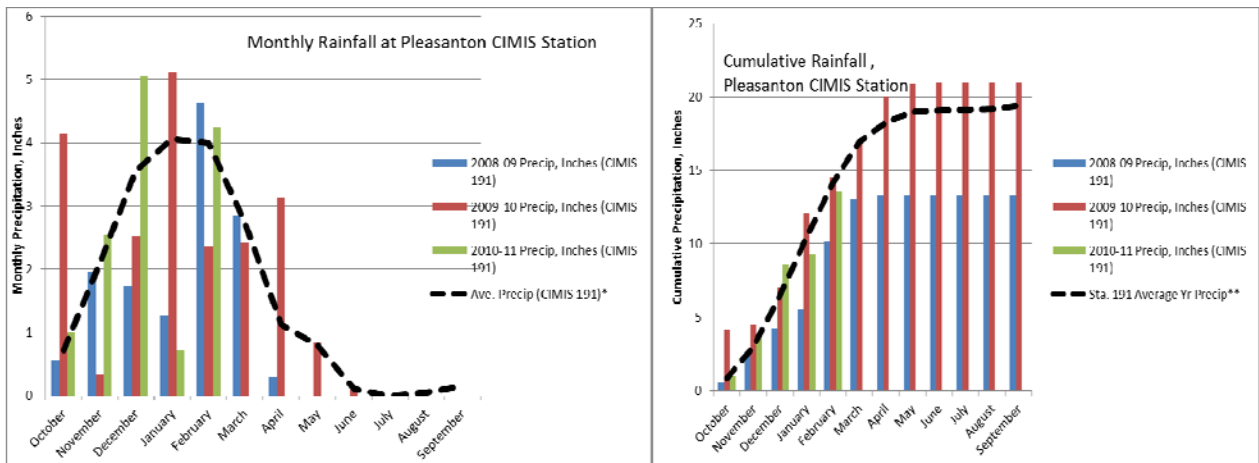
- As part of the pilot grant provided by Zone 7 to the Friends of Verona Reach of the Arroyo de la Laguna, staff reviewed and provided comments on the 30% design drawings and the Watershed Assessment of River Stability and Sediment Supply (WARSSS). Staff anticipates bringing an update to the board in the spring.
- Staff have set up a meeting with the Alameda County Resource Conservation District and other interested parties (ACWD, SFPUC, NRCS and County Flood Control) to discuss various options and interfacing between the federal earmark-funded project and the Verona Reach design.

Finance & Administration

- For the fourth year running, Zone 7 was awarded **Climate Action Leader** status by the California Action Registry for monitoring, analyzing and reporting greenhouse gas emissions.
- Rich Gould, Water Facility Supervisor, is being honored by the California-Nevada Section of the American Water Works Association (AWWA) and will receive **the Bernard A. Miller, Jr., Outstanding Operator Award for 2011** at the Spring Conference later this month.

Operations and Maintenance:

- Improvements to Stoneridge Well's aqueous ammonia feed's plumbing system were completed and Stoneridge is back in service. Del Valle Water Treatment Plant continued at a low production level (18-20 million gallons a day/ MGD) with 90-100% of the water coming from the Delta (the Dissolved Air Flotation (DAF) system offline). Patterson Pass (both conventional and ultra-filtration/UF) was completely offline for electrical repairs and upgrades.
- A bearing failure and lube leakage kept Mocho Well No. 3 offline (the motor will be pulled and sent out for bearing replacement and general maintenance; bids are currently being sought to fast track this work before the anticipated increase in seasonal demands). Mocho Wells 1 and 2 were out of service most of the month due to repair of a slow leak identified in the Mocho 1 yard.
- San Luis Reservoir is 99% full so most State Water Project contractors will likely lose carryover water. Zone 7's losses are estimated to be about 3800 acre feet (AF) by March 9th.
- Although the first half of the month was dry and despite the exceptionally dry January, February's local precipitation ended above average, as recorded at the California Irrigation Management Information System (CIMIS) station 191 in Pleasanton, which brought the cumulative rainfall for this water year back up to nearly (96%) average:



Monthly List of GM Contracts

February 2011

Contracts:

Morrison & Associates	\$25,000	Assisting with NMFS
Packet Fusion, Inc.	\$20,000	Telephone Maintenance Agreement
Mun J. Mar, Consulting Engineer	\$11,000	Chain of Lakes History Presentation

Total February 2011 **\$56,000**



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
CONTACT: BONI BREWER

AGENDA DATE: March 16, 2011

ITEM NO. 12b

SUBJECT: Recent & Upcoming Public Outreach Activities

Recent Public Outreach Activities

Spring Home & Garden Show, February 18-21

Zone 7, along with some of our water retailers and the Alameda County Flood Control and Water Conservation District's Clean Water Program, shared a booth with messages focused primarily on stormwater pollution prevention during the Home & Garden Show at the Alameda County Fairgrounds in Pleasanton. Zone 7 staff also provided water conservation tips.

Future Public Outreach Activities

8th Annual Water Conservation Showcase, March 22

Zone 7 will again be among several co-sponsors of this event, to be held at the Pacific Energy Center in San Francisco. The event provides information on water-conserving strategies for building designers, managers and operators through presentations and table-top displays. Zone 7 staff will provide Agency-specific water conservation materials for distribution, attend workshops about opportunities for commercial and residential conservation practices, and network with other water-conservation professionals as well as consumers.

Tri-Valley Science & Engineering Fair, March 22-25

As in past years, Zone 7 staff will serve as judges on water-related projects during the Tri-Valley Science & Engineering Fair. This event, geared to high school and middle school students, is sponsored by Lawrence Livermore National Laboratory. The judging itself will take place on March 23. Zone 7 staff will again serve as *Special Award* judges, and the winners will be invited to make presentations on their water-related projects during the May Board meeting as a way to help celebrate Water Awareness Month.

Sunol Wildflower Festival, April 2

Zone 7 for the first time will have an exhibit at the East Bay Regional Park District's Spring Wildflower Festival at Sunol Regional Wilderness on Geary Road. This will be the ninth year for this event. This year's theme is "The Birds, the Bees, the Flowers and the Trees." It will be geared to environmental education, including subjects of interest to Zone 7 such as water-wise gardening, water conservation, native plants, habitat conservation and stormwater-pollution prevention.

Pleasanton Earth Festival, April 16

Zone 7 will be a key participant in a new Family Earth Festival that is broader than the Earth Day events we have co-sponsored in the past with the City of Pleasanton that focused exclusively on water conservation and water pollution issues. This event, to be held from 11 a.m. to 4 p.m. at the Pleasanton Library, will additionally include other organizations and sustainability topics such as solar energy, recycled waste and alternative transportation. Zone 7 will have a couple of work stations, including one that's outdoors and features water-conservation games and crafts for children, along with general information on such things as water-wise gardening, how to fix toilet leaks and rebates for water-saving appliances. We also plan an indoor work station that show kids a fun, interactive Environmental Protection Agency website on conservation and shows adults how to use the Tri-Valley Water-Wise Gardening Website. Unlike in past years, there will not be an Earth Day festival in Livermore in which Zone 7 can participate.

Bay-Friendly Gardening "Rethink Your Lawn" Talks, April 16 & May 21

Zone 7 will provide various water conservation handouts for distribution during these free, interactive educational workshops on converting lawns to water-conserving, environmentally friendly landscapes, to be provided by the Bay-Friendly Gardening Program (part of StopWaste.org). The first talk will be from 10 to 11:30 a.m. on Saturday, April 16 at the Alden Lane Nursery in Livermore, and the second will be on Saturday, May 21 during the same hours at Western Garden Nursery in Pleasanton. In addition to covering the "how-to" of lawn conversion, these workshops will include demonstrations on sheet mulching.



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ORIGINATING SECTION: Administration
CONTACT: Jill Duerig/Tim Hunt

AGENDA DATE: March 16, 2011

ITEM NO. 12c

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, monitor legislation that is being considered in Sacramento.
- Staff, with recommendations of the agency's lobbying firm, determine a number of bills of interest to Zone 7 for the legislative session. Of particular interest to Zone 7 are bills regarding specific water issues, such as those related to the Delta or administrative issues for special districts. Bills being monitored are summarized in the attached Executive Summary.
- Governor Jerry Brown and the Legislature have been focused on the budget with the governor pushing to have it approved in early March. The governor's budget proposed about \$12.5 billion in cuts and extending \$12 billion of short-term tax increases for five years with voter approval. The governor wants the five-year tax extension on the June ballot and will need bipartisan support to get the measure on the ballot, although this is looking less likely with the recent declaration of impasse by several Republican legislators.
- Two bills related to new Delta conveyance as outlined in the Bay Delta Conservation Plan have been introduced. Sen. Lois Wolk and Assemblyman Bill Berryhill co-authored SB200, which would set up several new and onerous requirements for constructing a new Delta conveyance beyond what's required by the landmark water legislation of 2009 and the BDCP. Wolk's staff indicated the senator is very serious about moving the bill so staff have signed a coalition letter opposing the unnecessary legislation. AB 550 by Allison Huber is identical to her bill that failed in 2010 that would have required legislative approval before constructing new conveyance. Staff also recommend opposing this bill.
- Two bills related to the treatment upgrades being required of Sacramento Regional Sanitation are pending. SB52 by Steinberg would allocate \$50 million from existing bond funds to the project, while AB134 by Dickinson would allow Sac Regional to sell the treated effluent. Dickinson's bill is problematic because of its effect on water rights and water supply flowing through the Delta.

FUNDING: No funding necessary.

RECOMMENDED ACTION: Information only.

ATTACHMENT: Executive Summary



**EXECUTIVE SUMMARY
State Legislation**



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

March 2, 2011

Bill	TOPIC	SYNOPSIS	STAFF-RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
Delta Stewardship Council				
AB 576 (Dickinson)	Fees	As introduced on February 16, AB 576, a one-sentence measure, would require the Delta Stewardship Council to “adopt a fee on water supply contractors of the State Water Project and the Central Valley Project to fund a portion of the planning and administrative costs of the council.	Oppose	
Groundwater				
AB 359 (Huffman)	Groundwater Management Plans	As introduced on February 14, this bill would, among other provisions, require local agencies to provide a copy of the proposed groundwater management plan and maps identifying recharge areas to anyone who makes a written request for one, and would require these “interested persons” to receive notice of the date, time, and place of the hearing, either by mail or electronically, to adopt the plan thirty calendar days in advance.	Watch	
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	
SB 200 (Wolk)	Delta Conveyance Facility	The introduced version of SB 200 would prohibit the construction of a peripheral canal, as defined, unless specified conditions are met, including DWR and Fish and Game agreeing on the stages of construction; would require DWR to contract with specified Delta agencies for purposes of recognizing the rights of users to make use of the waters of the Delta. 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	
Water Conservation, Supply & Delivery				
AB 779 (Fletcher)	Water Transfers	As introduced on February 17, AB 779 first finds and declares, and I quote: “that it is necessary to enact this act to protect the public from being adversely affected by local public agencies that pay too much money for water deliveries from sources of supply that do not meet a reasonable cost-benefit standard”, and then adds new Water Code Section 550 to read, and I quote: “A local public water agency, as defined in subdivision (f) of Section 359, shall provide public notice to its customers prior to approving a transfer of water to the agency.”	Watch	
SB 215 (Huff)	Mussels	SB 215, as introduced on February 9, would delete the existing repeal date of January 1, 2012 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	
SB 224 (Pavley)	Public Contracts: DWR)	As introduced on February 9, SB 224 would, except for contracts for the sale, delivery, or use of water or power from the State Water Resources Development System, 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”	Watch	

Bill	TOPIC	SYNOPSIS	STAFF-RECOMMENDED POSITION	STATUS OF THE BILL/COMMENTS
SB 571 (Wolk)	Master Plan for Financing/Developing Water Resources	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	
Special Districts				
AB 54 (Solario)	Drinking water	This bill would authorize Local Agency Formation Commission to review and approve or disapprove, at the commission's discretion, the consolidation of territory within the jurisdiction of a mutual water company into the jurisdiction of a city as a special district that operates a public water system, with the consent of the respective city and mutual water company. This bill would authorize the commission to include in the service review, a review of whether the available drinking water sources within the area of review comply with safe drinking water standards.	Watch	
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 work weeks 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	Watch	
ACA 4 (Blumenfeld)	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	
SB 31 (Correa)	Local government: lobbyist registration	The Political Reform Act of 1974 provides for the comprehensive regulation of lobbyists, as defined. This bill would state the intent of the Legislature to enact legislation that will require each local government to create a lobbyist registration program as a condition of the local government being eligible to apply for any discretionary grant from any state agency or department.	Watch	
Sacramento Regional County Sanitation District				
AB 134 (Dickinson et al.)	Appropriation of water	As introduced on January 12, 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 a specified amount of its treated effluent in order to facilitate sale and transfer beyond SRCSD's service area. AB 134 exempts SRCSD's application from the traditional State Board approval and change of use process.	Watch	
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	



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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ORIGINATING SECTION: ADMINISTRATION

CONTACT: Jill Duerig/John Yue/Tom Hughes

AGENDA DATE: March 16, 2011

ITEM NO. 12d

SUBJECT: STATUS REPORT ON SEPARATION EFFORTS

SUMMARY:

As a follow-up to and in support of LAFCo's Municipal Services Review, on February 9, 2011, staff from the Cities of Dublin, Livermore, Pleasanton and San Ramon met with staff from Dublin San Ramon Services District and Zone 7 to discuss scoping for a possible study of existing and future integration of some regional utility services. A framework for a Request for Proposals (RFP) was drafted and further discussion will take place between staff from the six agencies in March before finalizing.

Business Administration:

- Staff met to review the proposed policy and procedure manual, determined the purpose of the manual, index of policies to be included (General Administrative, Financial and Purchasing), and a template for proposed policy and procedure.
- A second meeting is scheduled between accounting staff and the vendor to identify data capture requirements and link capabilities between systems. The meeting originally set for the week of Feb 24 was re-scheduled to March 9 as the vendor had to last-minute conflict.
- The consultant on the financial software replacement project is continuing to draft a request for proposal. Accounting and finance staff visited Alameda County Water District to learn about its accounting, payroll and budget process and workflow and to incorporate any effective changes as a part of the replacement project.

Employee Services:

- The next scheduled Joint Separations Negotiations meeting is scheduled for March 31, 2011. The unions will hold a caucus meeting on March 8, 2011.
- Staff and Andy Belknap of Management Partners met with the County HR Director on March 1, 2011 to discuss items related to the separation road map.
- Staff met with Lynn Dantzker of Management Partners on February 23, 2011 to discuss progress of draft HR policies and procedures.



ORIGINATING SECTION: WATER SUPPLY ENGINEERING
CONTACT: MONA OLMSTED/JARNAIL CHAHAL

AGENDA DATE: March 16, 2011

ITEM NO. 12e

SUBJECT: Status of Zone 7's Asset Management Program Update

SUMMARY:

- In 2004, Carollo Engineers assisted Zone 7 in developing and implementing an Asset Management Program (AMP). The resulting 2004 AMP report recommended a comprehensive assessment of all Zone 7's assets every five years, and assessment of assets determined to be in poor condition on a more frequent basis. In the study, an updated asset valuation of \$234 million was determined and a fixed annual allowance of \$10 million to fund the renewal and replacement of Zone 7's fixed capital assets was recommended. In order to minimize the near-term cost impact to current ratepayers, a ramp-up to \$10 million by 2014 to fund the program is currently considered in water rate planning, but has been subject to criticism.
- In February 2010, the Board authorized a \$210,000 consultant services contract to HDR Engineering, Inc., to assist Zone 7 in preparing a comprehensive update to the AMP. The AMP update evaluates the asset renewal methodology, updates the asset valuation, and will provide a recommendation for the annual funding allowance. A Technical Review Committee, consisting of Zone 7 staff and Retailer representatives, has been involved in the project scoping and consultant selection process, and has been providing input throughout the project. The AMP update is in progress and anticipated to be completed by the end of May 2011.
- HDR has prepared several technical memorandums summarizing their findings and recommendations, and has discussed them at workshops with Retailer representatives on the Technical Review Committee and with Zone 7 staff.
- As part of this AMP update, new assets built since the last update (MGDP, COL Wells, Altamont Pipeline, DAF, etc.) have been added to the asset management database, increasing the total estimated replacement value to approximately \$410 million (2011 dollars).
- The methodology recommended for developing the long-term asset renewal funding need is based upon planning renewal of assets at 100 percent of an asset's original useful life. This approach provides adequate funding for asset renewal in order to maintain level of service, and is consistent with typical utility practice for funding renewal programs. The methodology recommended for identifying specific renewal projects that need to be completed in the near term is the condition assessment-based planning methodology.
- HDR is in the process of preparing the last remaining technical memorandum on the assessment of the total future funding requirement over the next 40 years for the Renewal & Replacement program and the required annual contribution from the Water Enterprise Fund to the Renewal & Replacement Fund. This technical memorandum will be discussed at a workshop with the Retailers later this month.
- Staff anticipates presenting the draft AMP report, which will include the annual funding need and the key asset management renewal recommendations, to the Board in May and finalizing the report soon thereafter.

FUNDING: This project is funded from Fund 72 – Renewal & Replacement/System-Wide Improvements.

RECOMMENDED ACTION: For informational purposes only.

ATTACHMENT: Memo providing additional background and discussion of agenda item

Interoffice Memo

Date: March 16, 2011
To: Jill Duerig, General Manager
From: Mona Olmsted, Associate Engineer, Water Supply Engineering
Subject: Status of Zone 7's Asset Management Program Update

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

BACKGROUND

In 2004, Zone 7 retained the consulting services of Carollo Engineers to assist in the development and implementation of an Asset Management Program (AMP). The AMP includes an evaluation of Zone 7's inventory of capital assets, asset service life as determined through condition assessments, economic life of the asset, asset risk, criticality, and vulnerability; true replacement costs under current conditions; and the annual allowance necessary to adequately fund Renewal/Replacement projects. The resulting 2004 AMP report recommended a comprehensive assessment of all Zone 7's assets every five years, and assessment of assets determined to be in poor condition on a more frequent basis. A 2006 Condition Assessment performed by Carollo evaluated those assets identified in 2004 as in fair to poor condition (and added new assets that were installed since the previous assessment).

In the 2004 study, an updated asset valuation of \$234 million (2003 dollars) was determined and a fixed annual allowance of \$10 million to fund the renewal and replacement of Zone 7's fixed capital assets was recommended. In order to fund the program, various financing scenarios were evaluated. In order to minimize the near-term cost impact to current ratepayers, a ramp-up to \$10 million by 2014 is currently considered in water rate planning, but has been subject to criticism. The current update to the AMP evaluates the asset renewal methodology, updates the asset valuation, and will provide a recommendation for the annual funding allowance. A Technical Review Committee, consisting of Zone 7 staff and Retailer representatives, has been involved in the project scoping and consultant selection process, and has been providing input throughout the project by reviewing technical memorandums and participating in stakeholder workshops.

In February 2010, the Board authorized a \$210,000 consultant services contract (which includes a 5 percent contingency) to HDR Engineering, Inc., to assistance Zone 7 in preparing the update to the AMP. The consultant's scope of work in general consists of the following tasks:

- Develop a framework and standards for the AMP, which includes evaluating the asset management database, recommending an asset renewal methodology, and developing asset renewal decision processes for implementing the methodology.
- Develop a condition assessment program and perform a condition assessment of above-ground assets and a risk analysis of below-ground assets.
- Prepare a 15-year Renewal/Replacement capital improvement plan and determine the long-term asset renewal funding requirements.
- Prepare an Asset Management Plan that documents the key asset management processes that have been developed and the recommendations.

DISCUSSION

The first two components of the scope are complete. The assessment of the future funding requirement for the Renewal & Replacement program is in progress. Completion of the work is anticipated at the end of May 2011. A Technical Review Committee, consisting of Zone 7 staff and Retailer representatives, has been reviewing various work products during this project, including the technical memorandums containing the findings and recommendations from the fixed asset inventory analysis and the asset renewal methodology evaluation. The work that has been completed to date is described below.

Asset Management Database Update

The asset management database contains the asset hierarchy (i.e., how the assets are arranged in relation to each other) and information on attributes for each asset such as installation year, estimated replacement cost, useful life, and condition. Zone 7's existing asset database was evaluated and recommendations were developed and implemented to help staff better manage Zone 7's assets. Staff also updated the database to include assets from projects that have been completed since the 2006 condition assessment, such as the Altamont Pipeline – Livermore Reach, Mocho Groundwater Demineralization Plant (MGDP), El Charro Pipeline, Chain of Lakes (COL) Wells, and Del Valle Water Treatment Plant 10-MGD Dissolved Air Flotation (DAF) Facility, and updated asset information for existing assets that were replaced or rehabilitated. Prior to the update, the database included 650 assets with a total estimated replacement value of approximately \$310 million (in 2011 dollars). The database now includes 1050 assets, with a total estimated replacement value of approximately \$410 million.

Asset Renewal Methodology Recommendations

The asset renewal planning methodology is the strategy used to develop future renewal/replacement budget estimates and identify specific assets for rehabilitation or replacement. We considered Zone 7's existing methodology and five alternative methodologies commonly used by water and wastewater utilities in the United States. Based on the evaluation, an approach was developed for Zone 7's AMP that incorporates aspects of four of the six methodologies. This combination of methodologies serves the two purposes of providing the method for development of the long-term asset renewal funding forecast and identifying specific projects that need to be completed in the near term.

The two approaches that were not recommended were the methodology established in the 2004 AMP study and the run-to-failure methodology. The 2004 AMP methodology is based upon the assumption that an asset has an economic useful life that is approximately 50 percent of the asset's original useful life. This method is suitable for preparing highly conservative long-term renewal forecasts and is not commonly practiced in the industry. By assuming that most assets will require renewal after 50 percent of the asset's physical life, this approach results in a significant increase in water rates without a noticeable improvement to level of service or reliability. The run-to-failure methodology consists of performing preventative maintenance and continually repairing asset failures until an asset reaches the point where it cannot be repaired any longer due to poor condition, obsolescence, or lack of available spare parts. While this approach may be appropriate for non-critical assets, it is not suitable for assets that are required to provide service to customers and for those assets that are required for public health and safety. A key disadvantage of this approach is that it can lead to unexpected failures, disruption to customer deliveries, unsafe conditions for the public and for staff, and unexpected expenditures.

The methodology recommended in this AMP Update for developing the long-term asset renewal funding need is based upon planning renewal of assets at 100 percent of an asset's original useful life. This approach provides adequate funding for asset renewal in order to maintain level of service, and is consistent with typical utility practice for funding renewal programs. Changing the long-term asset renewal methodology from 50 to 100 percent of an asset's original life may result in additional preventative maintenance requirements associated with keeping assets in service longer, which would necessitate some increase in the annual maintenance budget. It is recommended that this methodology be enhanced over time by: adjusting original useful life estimates for key assets (or classes of assets) based on existing condition data and available historical failure data; and collecting asset failure/asset life data to support use of statistical asset failure models in the future.

To identify specific near-term asset renewal projects, the condition assessment-based planning methodology was recommended. This near-term asset renewal methodology consists of three components: condition assessments of above-ground assets; risk analysis of below-ground assets that are difficult to accurately inspect; and business case evaluation through efficiency testing to determine justification for replacement of equipment in special cases, such as aging equipment that is reliable and in good operating condition, but has high run times and may be inefficient.

Asset Renewal Decision Processes Development

Asset renewal decision processes are the means by which Zone 7 executes the near-term asset renewal methodology. Decision processes were developed for both equipment and transmission pipelines, and for efficiency testing of mechanical equipment. The decision processes are in the form of flow charts and take into account factors that are important to consider in making an asset renewal decision. These factors include criticality, redundancy, reliability, actual age compared to the asset's original useful life, and cost. Implementing these decision processes helps Zone 7 focus use of the renewal funds in a manner that is consistent with our goals and priorities.

Condition Assessment and Risk Analysis

For long-term planning, assets are not scheduled for renewal until they reach the end of their original useful life. As an asset nears the end of its remaining useful life, condition assessments become more important and inspection techniques may be escalated to more comprehensive evaluation, including non-destructive testing, to better assess the asset's remaining useful life. The condition assessment task consisted of assessing the condition of select above-ground assets at Zone 7's various water production facilities and the development of a condition assessment program.

The main purpose of developing a formal condition assessment program was to provide Zone 7 with a systematic, consistent, and sustainable process for determining an asset's condition in order to make informed maintenance, repair, and renewal decisions. In developing the condition assessment program, asset classes (i.e., groupings of equipment that share similar functions and characteristics) were identified, useful life years were determined and assigned to each asset class, and forms were developed for each asset class to collect the required information. A condition assessment can be initiated both on a regular basis as part of the AMP and as a result of inspections performed by maintenance staff as part of our routine maintenance activities. These two parallel processes ensure that an asset's condition is being monitored on a regular basis.

Transmission pipelines were assessed using a risk analysis methodology. The objective of this task was to establish an initial priority for conducting condition assessments of these below-ground assets. The evaluation included the development of a risk matrix which identifies the risk associated with each of Zone 7's transmission pipelines based upon their respective consequence of failure and the likelihood of that failure occurring. Consequence of failure includes impacts to the public and the environment that may occur should a pipeline fail, and considers criteria such as pipe diameter, pipeline length, location, public health impacts, effects on customers, and repair cost. The likelihood of failure for a given pipeline is based on a number of criteria that may contribute to failure, such as pipe material, age, type of past failures, and soil conditions. The pipelines that were ranked as highest priority for condition inspection and assessment tended to have two or more of the following characteristics: large in diameter or length; previous failure at joints; freeway crossing; and more corrosive soil conditions or higher liquefaction potential.

Next Steps

The technical memorandum on the near-term renewal capital improvement plan and long-term funding requirements to support future renewal needs is being prepared by HDR and will be discussed at a workshop with the Retailers later this month. Staff anticipates presenting the draft AMP report, which will include the annual funding requirement and the work completed to date, to the Board in May and finalizing the report soon thereafter.