



# Zone 7 Water Agency

2009 ANNUAL REPORT



RELIABILITY FOR THE FUTURE





## OUR MISSION

ZONE 7 WATER AGENCY IS COMMITTED TO PROVIDING A RELIABLE SUPPLY OF HIGH-QUALITY DRINKING WATER AND AN EFFECTIVE FLOOD-CONTROL SYSTEM TO THE LIVERMORE-AMADOR VALLEY. IN FULFILLING OUR PRESENT AND FUTURE COMMITMENTS TO THE COMMUNITY, WE WILL DEVELOP AND MANAGE OUR WATER RESOURCES IN A FISCALLY RESPONSIBLE, INNOVATIVE, PROACTIVE, AND ENVIRONMENTALLY SENSITIVE WAY.

### **Zone 7 Board of Directors Meetings**

The Board meets in regular session at 7 P.M. on the third Wednesday of each month. Meetings are held in the Board Room at Zone 7's Administration Building, 100 North Canyons Parkway, Livermore. For meeting agendas, including reports on individual agenda items, contact the Agency at 925-454-5000 or visit the Agency's website at [www.zone7water.com](http://www.zone7water.com).





Dick Quigley  
President, FY 2009-10

A third year of drought, concerns about climate change, and the continuing environmental crisis in the Delta led the California Legislature toward the end of 2009 to enact the most historic and far-reaching package on water since the authorization of the State Water Project in 1960. While many questions on implementation remain, and while Zone 7 continues to sort out what it means to us locally, the package aims to establish water-supply reliability and the Delta ecosystem as co-equal goals in California's water policy. The water package consists of four policy bills, including one that sets a path

for the Bay Delta Conservation Plan (and potentially improved conveyance of water supplies), and another that requires a 20 percent reduction in per-capita urban water use by the year 2020. It also includes a water bond measure targeted for the November 2010 ballot that would not fund conveyance improvements, but would finance a variety of other water-supply reliability and Delta sustainability reforms. Stay tuned!

Zone 7 gets 80 percent of its water supply from Lake Oroville conveyed through the Delta. This supply is impacted by court-ordered Delta-pumping restrictions aimed at protecting ailing fish populations and, in light of concerns, we remained at the table with other water agencies, environmental organizations and wildlife agencies on Bay Delta Conservation Plan efforts throughout 2009. And we didn't stop there. Although Zone 7 will always rely on the Delta for the majority of its water supply, prudent planning prompted the Agency to launch a detailed analysis of the most cost-effective options — from water recycling to water desalination — to restore water-supply

reliability locally through a water system master plan expected to be complete by late 2010. The Agency also continues to promote water-use efficiency in cooperation with its retailers and both Bay Area and statewide organizations. In 2009, Valley residents and businesses used 8.9 percent less water overall than they did in 2008!

Zone 7 also continued during 2009 to pursue cost-cutting measures in efforts to ease pressures on water rates in a time of economic recession – even as it tackled unprecedented challenges facing many California water agencies given soaring chemical costs, aging infrastructure, increased environmental regulation and three cumulative years of drought. The Agency slashed nearly \$1 million in spending for the 2009-10 fiscal year and again in FY 2010-11 by not filling several vacant positions. In addition, the Agency undertook further staffing realignments through its strategic planning process, and continued to pursue separation of various services from Alameda County as a way to streamline operations and cut costs. It also continued to defer non-critical capital improvement and replacement projects, even while completing some key, long-planned projects to enhance water-supply reliability and quality. The future Chain of Lakes Master Plan will be critical in our long-term strategic planning.

On the flood-protection front, the Zone 7 Board of Directors approved an increase in fees paid by new development to mitigate the effects of increased runoff generated by additional buildings and pavement. The fee increase, to be phased in over a five-year period, will fund new developments' proportionate share of costs for flood-protection measures in the Agency's multi-benefit Stream Management Master Plan. The Agency also continued its environmental stewardship work. Meanwhile, we welcomed Pleasanton resident Chris Moore to the Board, who was appointed to fill a vacancy. Finally, we thank all Zone 7 employees for their dedication, including those who recently retired after many years of service.



John Greci  
Vice President, FY 2009-10



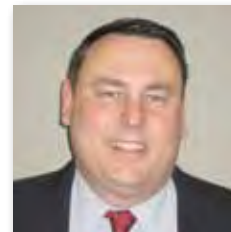
Sandy Figuers



Sarah Palmer



Stephen A. Kalthoff



Christopher Moore



Bill Stevens



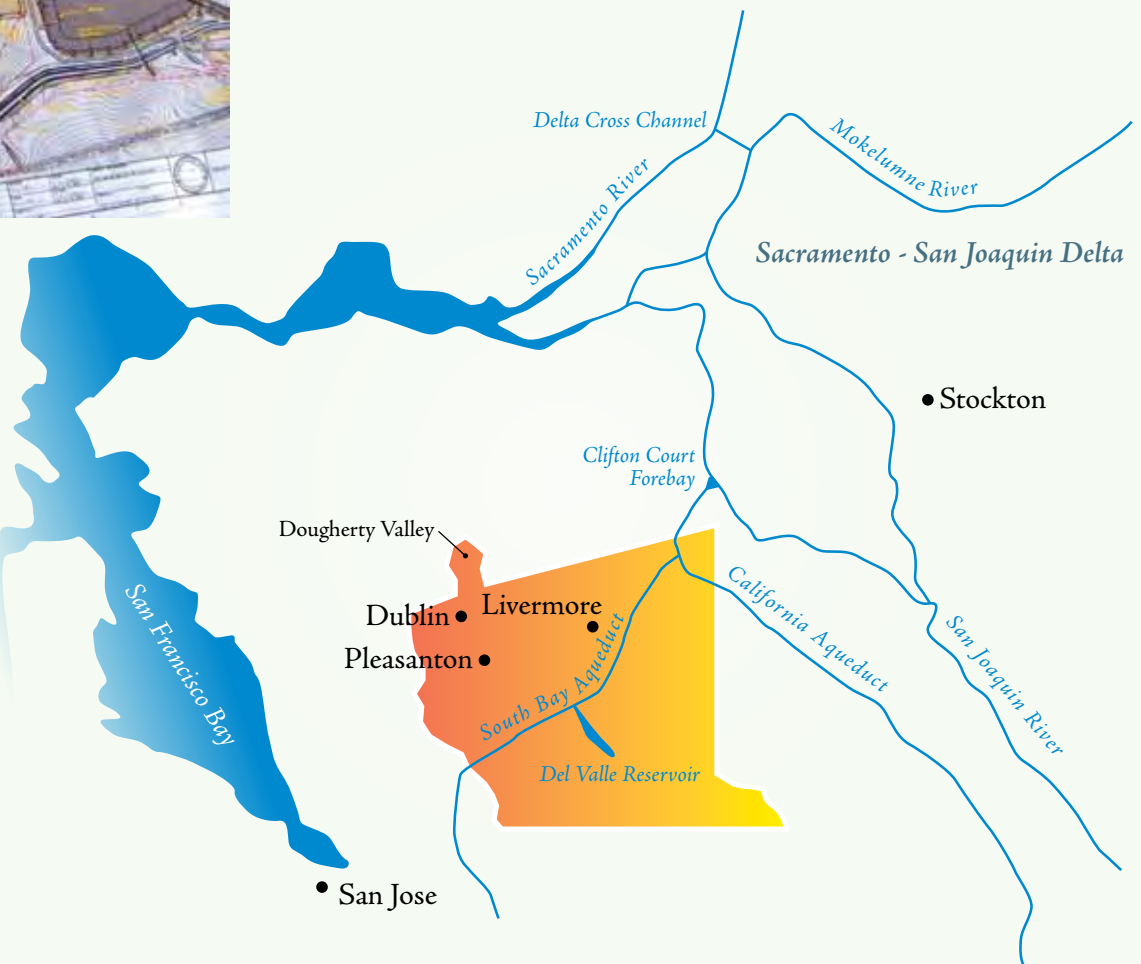
## ZONE 7 AT A GLANCE



# 2009

### Who Do We Serve?

Zone 7 supplies treated drinking water to retailers serving nearly 200,000 people in Pleasanton, Livermore, Dublin and, through special agreement with the Dublin San Ramon Services District, the Dougherty Valley area in San Ramon. We also supply untreated irrigation water to some local vineyards, farms and golf courses, and provide flood protection to all of eastern Alameda County.



# Key Activities & Accomplishments

## *For Water Supply & Reliability, Zone 7:*

- ▶ Completed an initial 5.6-mile segment of the Altamont Water Treatment Plant pipeline that improves reliability of deliveries to a portion of Livermore in the event of emergency outages of water Zone 7 receives from the South Bay Aqueduct.
- ▶ Completed the installation of two new municipal supply wells and a pipeline connecting them to Zone 7's distribution system, to enhance Zone 7's ability to deal with unplanned outages or droughts affecting surface-water imports from the State Water Project. These wells were to be operational in 2010.
- ▶ Continued to actively participate in statewide Bay Delta Conservation Plan efforts to protect both the Delta ecosystem and existing water supplies.
- ▶ Locally, launched a detailed analysis of the most cost-effective options to restore water-supply reliability through a water system master plan expected to be complete by late 2010.
- ▶ In collaboration with its retailers and others, enhanced rebate programs, conservation education and water-use audits that helped Valley businesses and residents use 8.9 percent less water overall than in 2008.
- ▶ Coordinated with the state Department of Water Resources to finalize its plan to improve and enlarge the State Water Project's South Bay Aqueduct for additional water supply reliability and energy efficiency, and to meet contractual capacity levels. Project completion is expected by late 2011.

## *For Water Quality & Treatment, Zone 7:*

- ▶ Completed the Mocho Groundwater Demineralization Plant in Pleasanton to slow down the buildup of salts and minerals in the groundwater basin. This softens some of the groundwater delivered to the western side of Zone 7's service area, and improves overall water-supply reliability by facilitating the use of recycled water for irrigation purposes.

- ▶ Received a national award on behalf of its Del Valle Water Treatment Plant for maintaining the Partnership for Safe Water Directors Award for 10 consecutive years. This was an honor achieved by only 16 water utilities across the country.
- ▶ Revised its capital improvement program to reflect study findings that a conventional ozone process is the most cost-effective alternative for long-term taste-and-odor improvements at both the Del Valle and Patterson Pass water-treatment plants. In the interim, Zone 7 will continue to use seasonal powdered activated carbon feed at the plants to assist in reducing levels of odor-causing compounds.

## *For Flood/Habitat/Environmental Protection, Zone 7:*

- ▶ Mindful of its mission to minimize risks of flooding, adopted an ordinance and increased fees for new development to mitigate the increased storm runoff generated by additional buildings and pavement.
- ▶ Continued to collect data regarding potential steelhead trout habitat in the Alameda Creek Watershed, and entered into a multi-agency agreement for a collaborative approach to steelhead recovery planning.
- ▶ Began installing solar panels at its Del Valle Water Treatment Plant, and started replacing its vehicle fleet with more fuel-efficient, low-carbon-emission models.
- ▶ Continued working with other agencies on developing a habitat conservation strategy for eastern Alameda County aimed at addressing conflicts between development and infrastructure-maintenance activities and the continued survival of endangered or threatened species.





*State Water Project's South Bay Aqueduct*



*Lake Del Valle Reservoir*



*Stored Groundwater*

## Zone 7 Water Sources & How We Use Them

### *The Bay Delta*

Roughly 80 percent of our water supply is imported through the Delta. Most of the water starts as Sierra snowmelt. It then travels through a series of rivers, lakes, canals and pumping stations moving from Lake Oroville in the north, down the Feather and Sacramento Rivers, through the Delta, and into the Livermore-Amador Valley through the State Water Project's South Bay Aqueduct. Once the imported water arrives in the Valley, most of it is treated at one of our three surface-water treatment plants for delivery to our retailers, who in turn deliver it to homes and businesses. Another portion of the imported untreated water is used by Valley agricultural operations to irrigate crops, such as wine grapes and olives, and some is recharged into the groundwater basin, where it is naturally treated as it percolates through the ground.

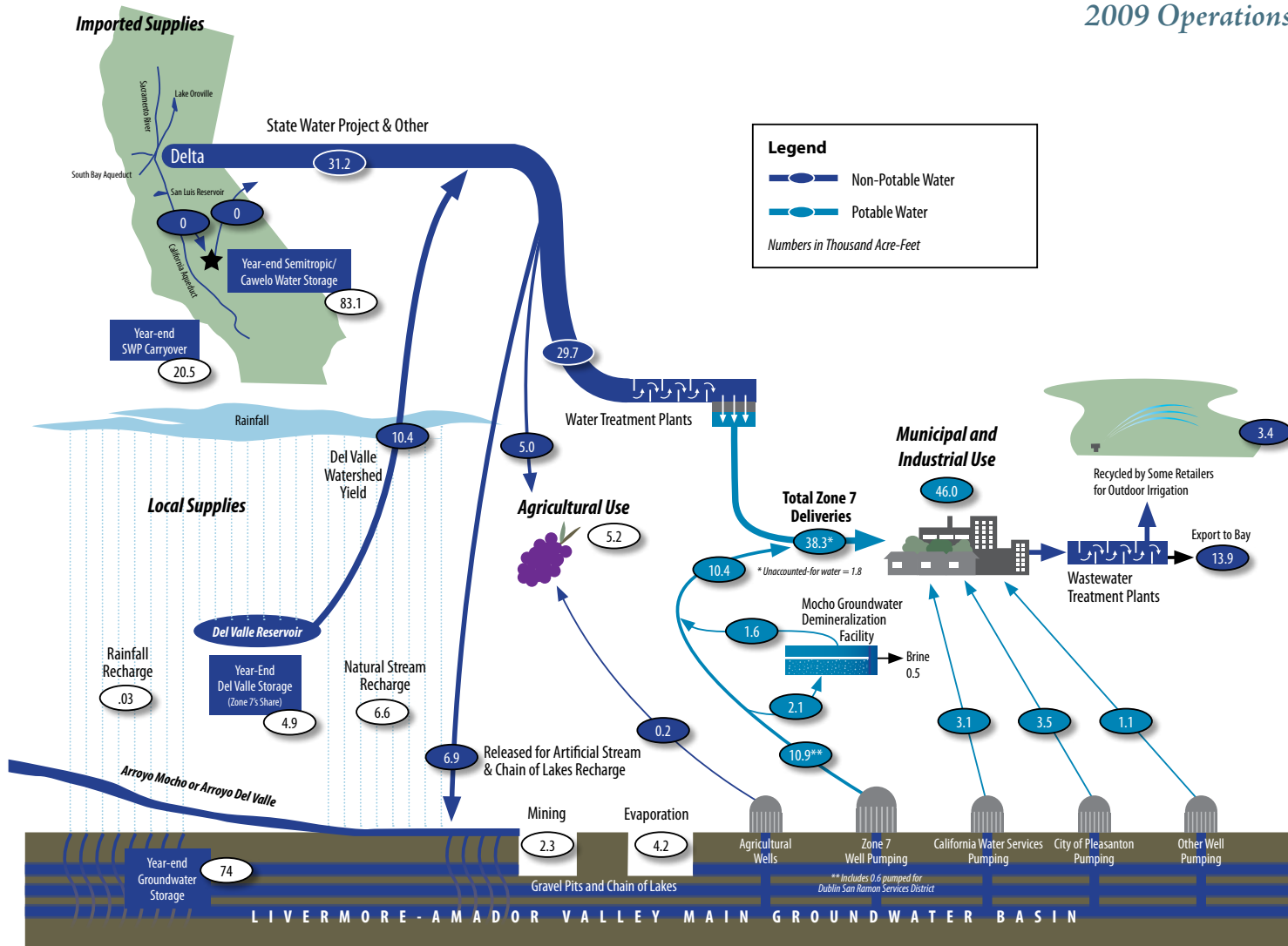
### *Local Runoff*

We also rely on rain runoff in our local watershed, stored as a small fraction of the water in Del Valle Reservoir. Some of this water is sent to our Del Valle Water Treatment Plant for distribution, and some is used for groundwater recharge.

### *Groundwater*

The Valley is fortunate to have local water storage capacity in a groundwater basin. Operating the basin as a kind of bank account, Zone 7 uses a portion of its State Water Project water, along with local surface water stored in Del Valle Reservoir, to recharge the groundwater basin during wet years. We draw on stored groundwater to augment imported water supplies when needed, especially during the summer when seasonal water demands are the highest, and in times of drought. As with treated surface water, chloramines are added to groundwater to maintain distribution-system disinfectant.

# Livermore-Amador Valley Water Supply & Use 2009 Operations



## Addressing the Challenges Head-On

During 2009, Zone 7 continued building on its commitment to ensure long-term water supply reliability, given the uncertainty over the level of future State Water Project deliveries via the ecologically fragile Delta, through which almost all of the Agency's supply is conveyed.

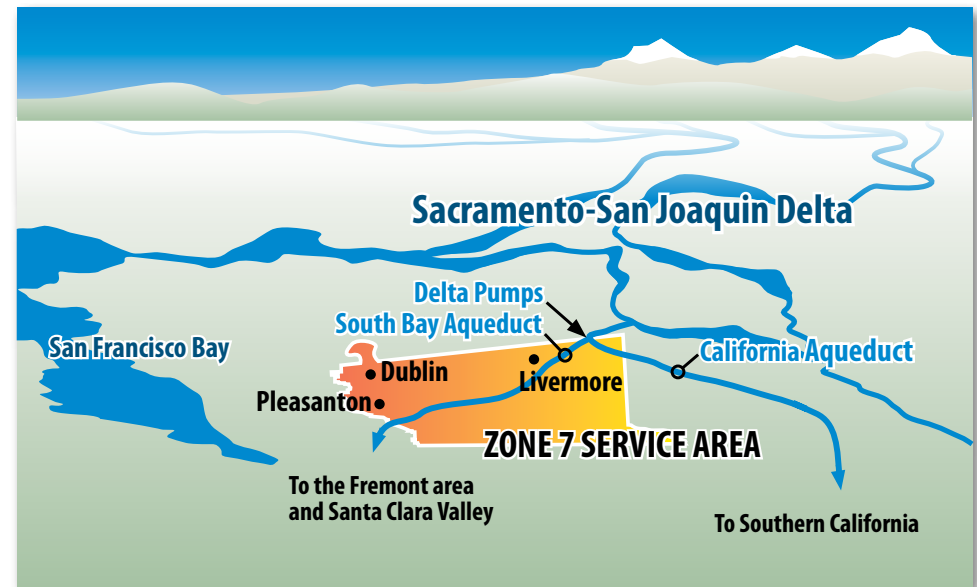
The Delta crisis not only threatens the ability of Zone 7 to meet the region's planned buildout as determined by its cities, it also threatens water reliability/quality for existing Zone 7 customers. The estuary faces mounting issues related to seawater intrusion from earthquakes, breaking levees and rising sea levels from global climate change. Invasive species and contamination from agricultural drainages, wastewater treatment plant discharges and recreational activities are additional stressors.

Consider the following:

- ▶ Zone 7 has a contract with the state Department of Water Resources to buy 80,600 acre-feet of water annually. Before 2007, DWR projected that the State Water Project could deliver, on average, 76 percent of Zone 7's contract amount based on hydrology and other factors.
- ▶ But a 2007 court ruling aimed at protecting endangered Delta smelt reduced that to 66 percent, and a subsequent 2009 regulation for salmon put additional constraints on Delta exports. DWR recently projected that its average delivery of Zone 7's contract amount could be further reduced.
- ▶ That is *unsustainable* in the long term because it will require Zone 7 to dip more and more into storage to meet future demand.

During 2009, Zone 7 continued to actively participate in statewide Bay Delta Conservation Plan efforts to come up with a long-term fix for the Delta water crisis that addresses the co-equal goals of protecting both water supply reliability and the Delta ecosystem. A draft plan is expected in late 2010, followed by an environmental review. But because any solutions are at least 10 years off, Zone 7 has also launched a detailed analysis of the most cost-effective options to restore local water-supply reliability through a water system master plan expected to be complete by late 2010.

Although we believe we will always rely on the Delta for the majority of our water supply, our new water system master plan will help identify other potentially economical approaches to providing a reliable supply of high-quality water to the Livermore-Amador Valley. For example, these approaches may include a combination of water conservation, increased water recycling, desalination and/or purchases of more water.

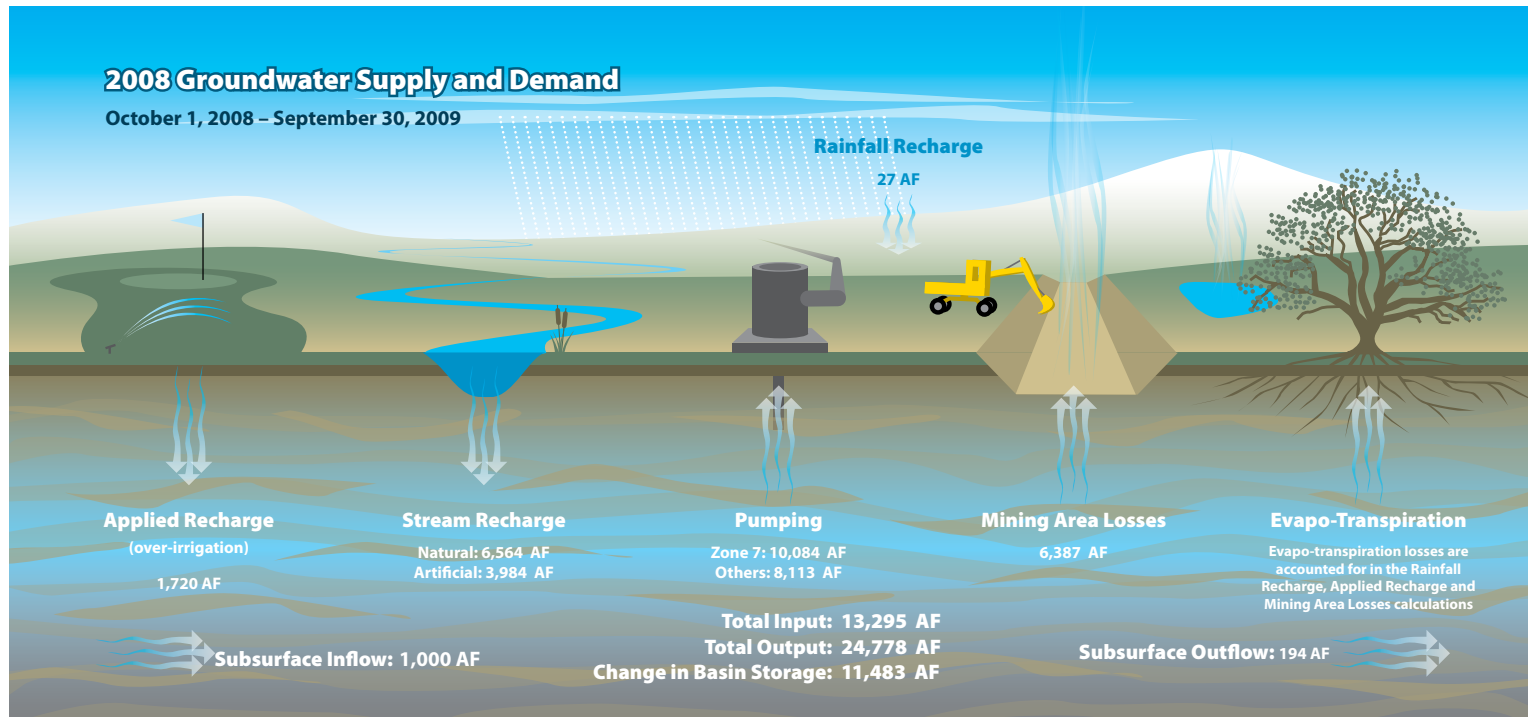




## Groundwater Resources Management

The Livermore-Amador Valley's main groundwater basin has an estimated total storage capacity of 250,000 acre-feet. To prevent overpumping, the basin is cooperatively managed by Zone 7 and its retailers so that, even during multi-year droughts, groundwater levels do not drop below historic low levels of 130,000 acre-feet. Through its future Chain of Lakes, Zone 7 is working to increase groundwater recharge during wet years with imported supplies from the State Water Project. It is also developing new municipal supply wells to ensure sufficient production during surface-water shortages, and, by late 2009, had nearly completed construction of two such wells in the Chain of Lakes area.

The diagram below demonstrates how the groundwater basin is managed to ensure its long-term viability as a water supply. It shows that from October 1, 2008 through September 30, 2009, the Valley ended up with a net decrease in basin storage. However, basin storage levels by the end of 2009 were still 74,000 acre-feet above historic lows – not bad following three years of drought and continuing challenges with our Delta-conveyed supplies!



## Water System Upgrades

**Altamont Pipeline, Livermore Reach** — Although the larger Altamont Water Treatment Plant and Pipeline Project has been delayed by the economic slowdown, the pipeline's 5.6-mile Livermore reach – completed in 2009 – will have its own immediate benefit by improving water-supply reliability for a portion of eastern Livermore. With the pipeline in service, we can now address a possible scenario in which our treatment plant production for this area is interrupted and Zone 7 needs to rely on its wells to the west.

**South Bay Aqueduct Improvement & Enlargement** — Delta pumping restrictions make current upgrades to the State Water Project's South Bay Aqueduct (SBA) even more critical. The aqueduct is being improved by the State Department of Water Resources for additional water supply reliability and energy efficiency, and enlarged to meet contractual capacity levels. The improved aqueduct will be able to carry more water at those times of year when the pumping restrictions are not in place. Zone 7 is paying roughly 75 percent of the \$190 million cost (for the enlargement) with revenue from fees on new development and a small portion (for the improvement) with property tax revenue.

**Two new Chain of Lakes Wells** — In 2009, Zone 7 completed installation of two new municipal supply wells and a pipeline connecting them to Zone 7's distribution system, to enhance the Agency's ability to deal with unplanned outages or droughts affecting surface-water imports from the State Water Project. These two wells have a combined pumping capacity of 8 million gallons per day. They are the first two of potentially several new wells included in the Agency's Well Master Plan. In addition to enhancing water-supply reliability during shortages, these additional wells will improve Zone 7's ability to manage groundwater levels, groundwater flow, dissolved salt build-up/removal, delivered water quality blending and the meeting of peak-day demands.

**Supervisory Control and Data Acquisition (SCADA) System Upgrade**  
In 2009, the Agency launched an upgrade to SCADA system hardware/software for improved reliability of this centralized computer system that controls and monitors water treatment and transmission facilities.

## Reliability Accomplishments

Zone 7 received only 40 percent of its contracted-for State Water Project supplies in 2009. Nevertheless, the Agency successfully met all treated and untreated water demands in part by taking more water than usual from local groundwater storage and from local storm runoff stored in Del Valle Reservoir, and in part because businesses and residents conserved.

### Supply/Demand for Zone 7 Water Supplies

(in Acre-Feet) (Jan. 1 – Dec. 31, 2009)

Supply	2008	2009
State Water Project deliveries (into Valley)	29,000	26,400
Pumping from local groundwater storage	8,100	10,900
Water from offsite-banking programs	7,000	0
Local surface water (Del Valle Reservoir)	3,200	10,400
Supplemental water purchases BBID/Yuba	5,200	4,800
<b>Total supply</b>	<b>52,500</b>	<b>52,500</b>
<b>Demand</b>		
Municipal (drinking) water	43,300	38,300
Untreated irrigation water	4,200	5,000
Unaccounted-for water *	1,600	2,300
<b>Total in-Valley demand</b>	<b>49,100</b>	<b>45,600</b>
Released for local groundwater recharge	3,400	6,900
Sent to offsite banking	0	0
<b>Total Demand</b>	<b>52,500</b>	<b>52,500</b>

### Available Year-End Storage

Local groundwater basin	82,000	74,000
Offsite banking programs	83,100	83,100
Del Valle Reservoir storage	8,200	4,900
State Water Project carryover	14,600	20,500
<b>Total Year-End Storage</b>	<b>187,900</b>	<b>182,500</b>

\* Refers to meter discrepancies or other undefined system losses typical for water systems of this size; includes brine disposal from the Mocho Groundwater Demineralization Plant.

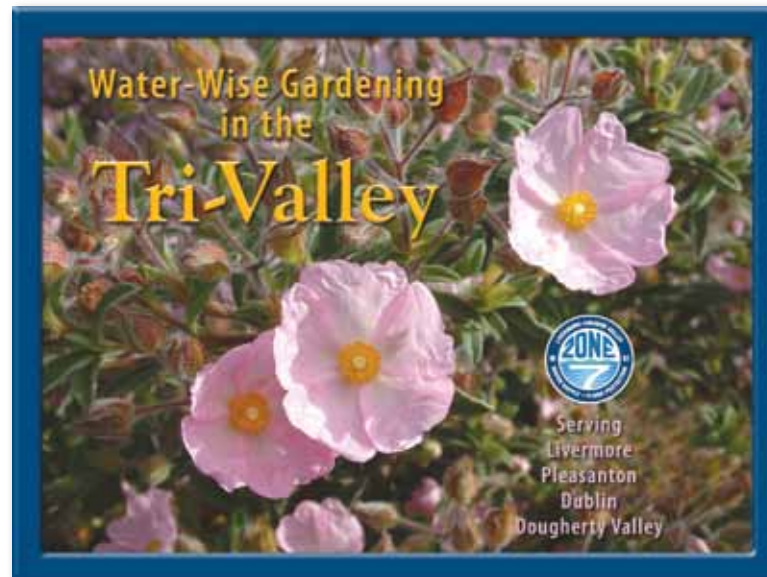


## Water Conservation

Residents and businesses heeded calls for water conservation in 2009, using 8.9 percent less water (including what was pumped by retail water agencies) than they did the previous year. But the combined impacts of drought, climate change, potential natural disaster, Delta pumping restrictions, new laws and lack of investment in the state's water-delivery infrastructure mean we will all have to continue to reduce our individual and collective water footprints long term. Zone 7 and its retailers continue to encourage people to use water wisely, especially in light of new state law requiring a 20 percent reduction in per-capita urban water use by 2020.

### In 2009, Zone 7:

- ▶ Launched a pilot program to offer “large landscape” irrigation surveys and audits to businesses, industries and schools, as outdoor water use has the largest potential for water conservation. The pilot program, which continued into 2010, also provides financial assistance for large landscape customers to install irrigation system hardware such as “smart” controllers that automatically adjust watering times based on local weather conditions.
- ▶ Co-sponsored Water-Wise Gardening and Conservation workshops at local libraries in cooperation with our retailers. Similar workshops are planned for Spring 2010 in Pleasanton, Livermore and Dublin.
- ▶ Expanded home-and-garden water conservation messages at public events. This included conducting “how-to” demonstrations and publicly distributing simple tools that can reduce water waste, such as sprinkler-head adjustment keys to prevent over-spraying, and dye tablets to detect toilet leaks.
- ▶ Issued 2,398 rebates for high-efficiency clothes washers, in partnership with Pacific Gas & Electric Co. – saving both energy and nearly 12.4 million gallons of water annually in Zone 7's service area.
- ▶ Provided 949 rebates for high-efficiency toilets that use 1.28 gallons of water or less per flush, in partnership with local retailers — saving more than 13 million gallons of water annually in Zone 7's service area. We also developed a new electronic application form for HET rebates on Zone 7's website.
- ▶ Earmarked an additional \$400,000 in funding for conservation during 2010.
- ▶ Unveiled a Tri-Valley Water-Wise Gardening website, which provides water-efficiency tips for landscaping and gardening based on climate and other factors specific to our region. Between February and December 2009, the website had been visited 3,600 times. To access the site, and for other water conservation tips, go to [www.zone7water.com](http://www.zone7water.com).



[www.zone7.watersavingplants.com](http://www.zone7.watersavingplants.com)

## Water Treatment Facilities

Zone 7's surface-water treatment plants are where water conveyed through the Delta, along with local storm runoff collected in Del Valle Reservoir, is readied for drinking before distribution.

### *Del Valle Water Treatment Plant*

- ▶ Where: Southern Livermore
- ▶ Capacity: 40 million gallons per day (mgd)
- ▶ Houses Zone 7's Water Quality Laboratory

### *Patterson Pass Conventional Water Treatment Plant*

- ▶ Where: Eastern Livermore
- ▶ Capacity: 12 mgd

### *Patterson Pass Ultrafiltration Water Treatment Plant*

- ▶ Where: Eastern Livermore
- ▶ Capacity: 7 mgd

## Commitment to Water Quality

During 2009, all water that Zone 7 delivered to its retailers serving Pleasanton, Livermore, Dublin and Dougherty Valley again met regulatory standards and, in almost all cases, the quality was better than required. For an additional margin of safety and to address local concerns regarding such things as taste, odor and hardness, Zone 7's Water Quality Management Program – developed jointly by Zone 7 and various stakeholders, including its retailers – establishes even more stringent internal targets and policies for both treated and untreated water quality.

Zone 7's Del Valle Water Treatment Plant in 2009 received a national award for maintaining the Partnership for Safe Water Directors Award for 10 consecutive years, an honor achieved by only 16 water utilities across the country. The partnership is a volunteer initiative developed by the

U.S. Environmental Protection Agency and water organizations striving to provide their communities with drinking water quality that not only meets but surpasses basic mandated water quality.

## Tackling the Challenges

Surface water can occasionally have an earthy-musty taste or smell, caused by algae blooms from warm temperatures and increased sunlight on imported water supplies, while groundwater is often "hard" due to excess minerals that water picks up as it percolates into the ground. Neither one of these issues impacts the safety-related quality of our water.

In 2009, Zone 7 revised its capital improvement program to reflect study findings that a conventional ozone process is the most cost-effective alternative for long-term taste-and-odor improvements at both the Del Valle and Patterson Pass water-treatment plants. Plans call for project completion in 2021 at a cost of \$51 million. In the interim, Zone 7 will continue seasonal powdered activated carbon feed at the plants to assist in reducing levels of odor-causing compounds.



*Patterson Pass Water Treatment Plant*



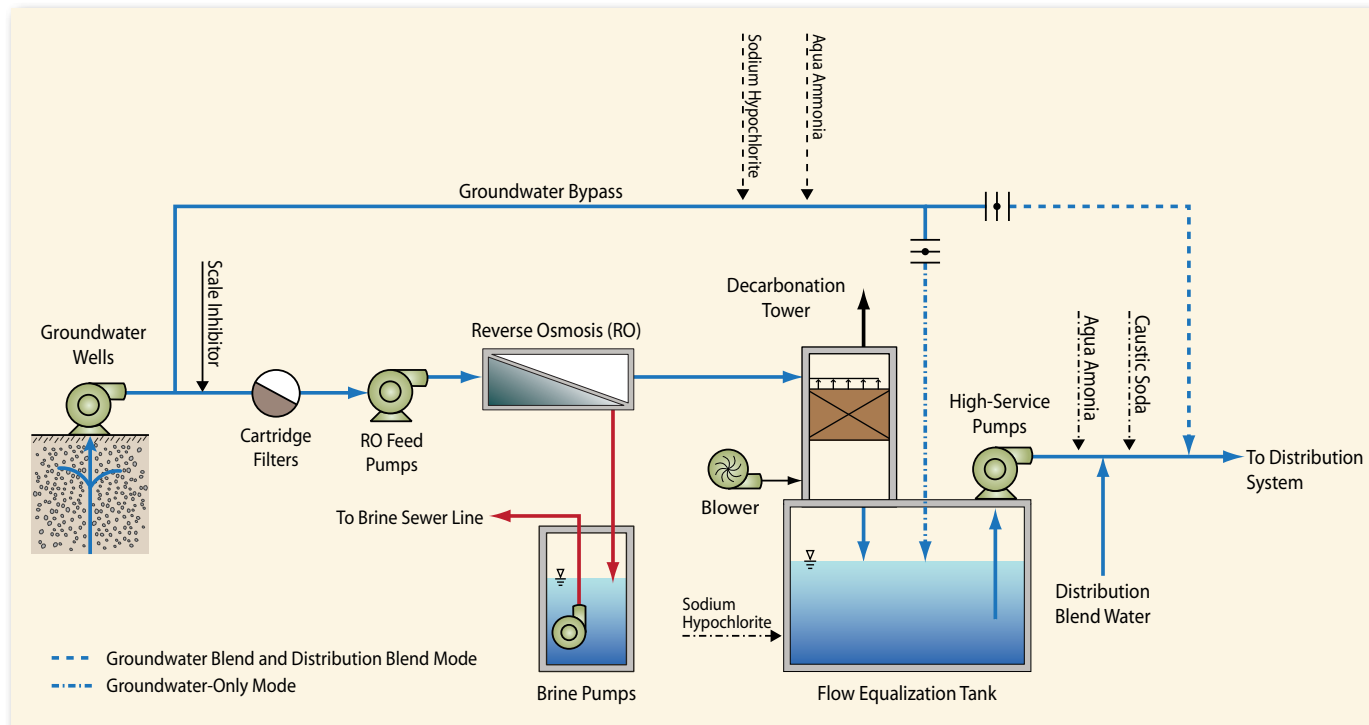
## Demineralizing Our Groundwater

Zone 7 in August 2009 began operating a new plant that helps slow down the buildup of salts and minerals in the Valley's groundwater basin, which improves overall water-supply reliability by facilitating the use of recycled water for irrigation purposes. The Mocho Groundwater Demineralization Plant also helps to soften some of the water delivered primarily to the western side of Zone 7's service area. A second demineralization facility is currently planned for completion in 2019.

## Project Highlights

- ▶ Using a process called reverse osmosis, the plant can remove minerals from up to 7.7 million gallons of groundwater per day (mgd) pumped from Zone 7's existing wells in northern Pleasanton.

- ▶ After mineral concentrate is removed, up to 6.1 mgd of demineralized water can be blended with other groundwater and surface-water supplies prior to delivery to retailers – primarily the City of Pleasanton and the Dublin San Ramon Services District, since the water that Zone 7 delivers to the City of Livermore and to the California Water Service Company is typically comprised of State Water Project surface water imported via the Delta.
- ▶ The remaining 1.6 mgd of mineral concentrate is exported out of the Valley to San Francisco Bay.
- ▶ The Mocho plant cost \$35.6 million to plan, design and build and is funded by water rates, connection fees on new development, and a \$740,000 Proposition 50 state grant. It will cost an estimated \$1.9 million to operate it for nine months annually, the typical operating period during normal and wet years.



## Maintaining the System

The Valley's flood-protection system begins at city- and county-owned storm drains on local streets and roads. Stormwater runoff from throughout the Valley, including its developed areas, is carried into local storm-drainage systems that eventually flow into local tributaries and arroyos. Runoff then feeds into Arroyo de la Laguna, which in turn flows into San Francisco Bay via Alameda Creek. Zone 7 owns and maintains 37 miles of flood-protection and stormwater-drainage facilities within a 425-square-mile area, about a third of all the Livermore-Amador Valley's channels and creeks. Valley cities and private citizens own and maintain the remainder.

In light of forecasts for a 2009-10 El Niño rainy season that can pack more punch into winter storms, Zone 7's flood-protection crews were more

aggressive than usual in 2009 in readying Agency-owned creeks and channels for high water.

During the summer, Zone 7 crews implemented 15 bank repairs; 20 road- and drainage-improvement projects; and eight miscellaneous projects, such as concrete structure repairs. They also installed 730 reinforced steel plates to stabilize a 1,000-foot reach of Arroyo Mocho embankment, coordinated with the U.S. Army Corps of Engineers on four major bank repairs, and constructed 17 bank stabilization projects using biotechnical (natural vegetation) engineering techniques.



*A pilot project launched along Arroyo Mocho in 2009 is evaluating the effectiveness of a new slope stabilization technology. Hundreds of steel plates were welded to 6 1/2-foot-long steel piles along 1,000 feet of tightly constrained channel slope.*



## System Expansion: Apportioning Costs

Mindful of its mission to minimize risks of flooding, the Zone 7 Board in 2009 approved an increase in fees paid by new development to mitigate the increased runoff generated by additional buildings and pavement. The money will fund new development's proportionate share of costs for flood-protection measures in the Agency's multi-benefit Stream Management Master Plan (SMMP).

For the flood-protection portion of the SMMP, the development impact fee apportions to new development – not to existing residents and businesses – the share of costs of those improvements needed specifically to manage the additional storm-water runoff generated by new development so that development pays its fair share. The share of costs for flood protection unrelated to new development will come from existing users or grants.

Based on impact studies, the Agency increased the previous development fee for new impervious surface area created by development. Impervious surface areas include roofs, patios, driveways, parking lots, roads, curbs and sidewalks – from new houses, office buildings, warehouses and

stores – that create storm-water runoff by preventing or slowing rainfall from soaking into the ground. In light of the economic downturn, and in consultation with stakeholders, the Board agreed to phase in the fee increase over a period of five years rather than all at once, starting in January 2010. A review of projects and project costs in the SMMP is underway and is expected to be completed by the end of 2012.

## More About the SMMP

Zone 7's decades-old flood-protection master plan was updated and replaced in 2006 by the SMMP, a multi-benefit plan that identifies both regional flood protection and improvement projects and compatible uses of the Valley's flood-protection facilities. Funding for enhancements not related to flood protection would have to come from a variety of other sources, such as grants and contributions from recreational public agencies.

### How Do Impervious Surfaces Increase Runoff?



*Impervious surfaces from development and infrastructure prevent storm water from infiltrating into the ground, creating runoff that can have significant impacts on stream hydrology and flooding, which emphasizes the need to prepare now for planned future growth.*

## Expanding Steelhead Restoration Efforts

In 2009, Zone 7 continued to collect data regarding potential steelhead trout habitat in the Alameda Creek Watershed. The Agency was an original signatory to the *Statements of Understanding for the Central California Coast Steelhead Recovery Program*, along with the National Marine Fisheries Service and the Sonoma County Water Agency. Additional Bay Area water agencies have since joined. The informal, non-binding agreement establishes a collaborative approach to NMFS steelhead recovery planning. In addition, the collective agencies may have stronger influence to garner support for grant funding and other assistance to implement the anticipated recovery plan.

Meanwhile, on a separate, already-established front, Phase 2 of the *Alameda County Fisheries Restoration Workgroup's Flows Study* got underway in 2009 with \$120,000 contributed by the 17-member workgroup's funding partners: Zone 7, the Alameda County Water District, the Alameda County Public Works Agency, Pacific Gas & Electric Co., the San Francisco Public Utilities Commission and the Coastal Conservancy. The Phase 2 study, which includes evaluation of hydrologic and geomorphic conditions to determine under what conditions we could expect a successful steelhead population, will continue through 2010.

## Bay Delta Conservation Plan

As discussed in greater detail on page 6 of this report, Zone 7 in 2009 continued to actively participate in Bay Delta Conservation Plan efforts to come up with the long-term fix for the Delta crisis that addresses the co-equal goals of protecting both water supply reliability and the Delta ecosystem.

*Zone 7's participation in efforts to restore steelhead trout to portions of the Alameda Creek Watershed led to installation a few years ago of fish ladders along Arroyo Las Positas and Arroyo Mocho.*

## Other Environmental Milestones in 2009:

- ▶ For the third straight year, Zone 7 received Climate Action Leader status from the *California Climate Action Registry* for taking proactive steps in addressing global climate change by inventorying greenhouse gas emissions.
- ▶ Zone 7 and other local jurisdictions made further progress in their collaboration with state and federal resource agencies to develop a plan to conserve habitats for threatened or endangered wildlife and plant species through the Eastern Alameda County Conservation Strategy. The idea is to help coordinate and streamline determination of mitigation requirements associated with various development and infrastructure projects (including Zone 7 water-supply and flood-protection projects) and to help base those mitigations on areas of strategic biological value.





## Community Outreach

During 2009, Zone 7 continued to improve the user-friendliness of its website and to provide easier access to Agency public information. For example, in addition to posting Board meeting agendas themselves on the website, we now post links to individual agenda items so they can be conveniently accessed by the public on line.

Throughout the year, the Agency also made several presentations to community and business groups about Valley water supply and reliability issues related to both the drought and to Delta water-conveyance restrictions, and about the need for greater water-use efficiency. These matters, and their impacts on water rates, were also discussed extensively in Agency newsletters sent out to all residents of the Valley, as well as on the Agency's website.

The Agency in 2009 also expanded the number and quality of outreach efforts aimed at the "whys" and "hows" of water-use efficiency by conducting two water-wise gardening workshops, promoting tours of water-wise gardens, and developing demonstrations of how to detect and fix simple toilet leaks. We also converted our previous water-wise gardening CD to a more accessible, environmentally friendly website.

Zone 7 also:

- ▶ Through greater efficiency, significantly increased the number of "Water Science in the Schools" presentations in its service area, at no cost to participating schools. All presentations, including those addressing such things as groundwater education and water pollution prevention, include a water conservation message.
- ▶ Again co-sponsored and/or participated in a variety of community events, including Earth Day in Livermore and Pleasanton, Dublin Pride Week and Coastal Cleanup Day in Pleasanton. Zone 7 had water-awareness booths at various festivals throughout the Valley and participated at home and garden shows at the Alameda County Fairgrounds.
- ▶ Actively disseminated information, including newsletters, fact sheets and water-quality reports.



*Earth Day 2009*

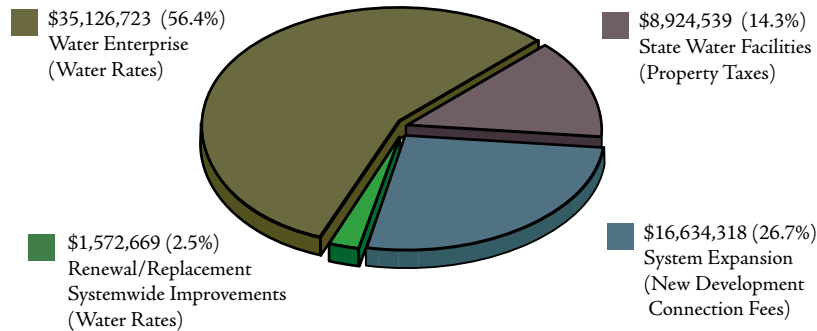


*Dozens of volunteers helped in creek cleanup organized by the City of Pleasanton and Zone 7 as part of California Coastal Cleanup Day*



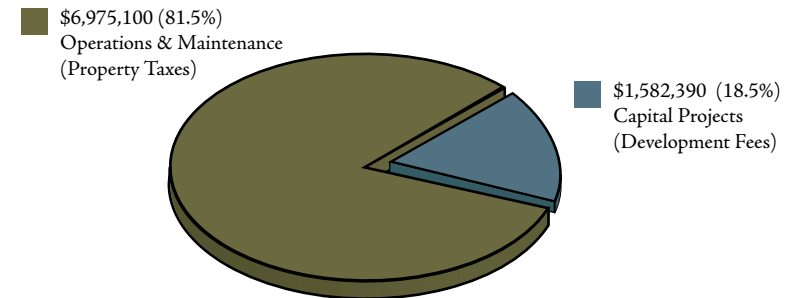
## Budget FY 2009-10

**Water Supply, Reliability & Quality Revenue FY 2009-10**  
**Total: \$62,258,249**



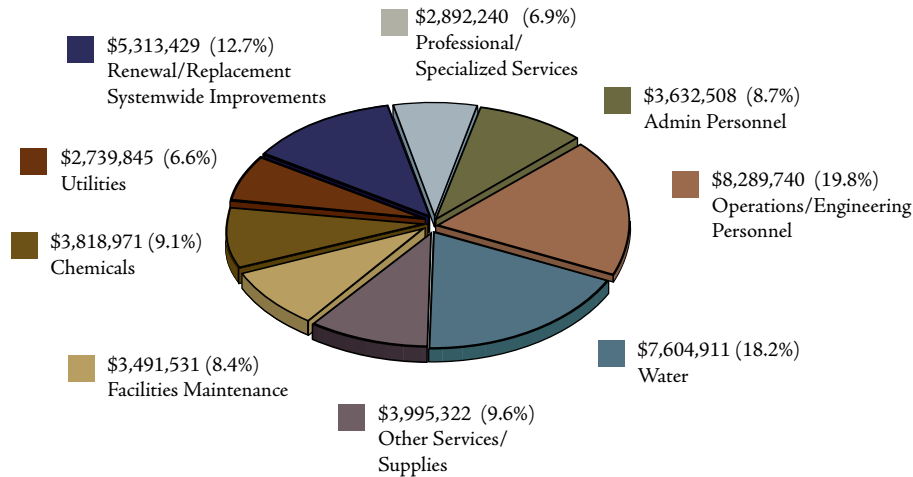
Water rates pay to operate, renew, replace, maintain and improve the existing treated water system. Development fees pay for system expansion.

**Flood Protection Revenue FY 2009-10**  
**Total: \$8,557,490**

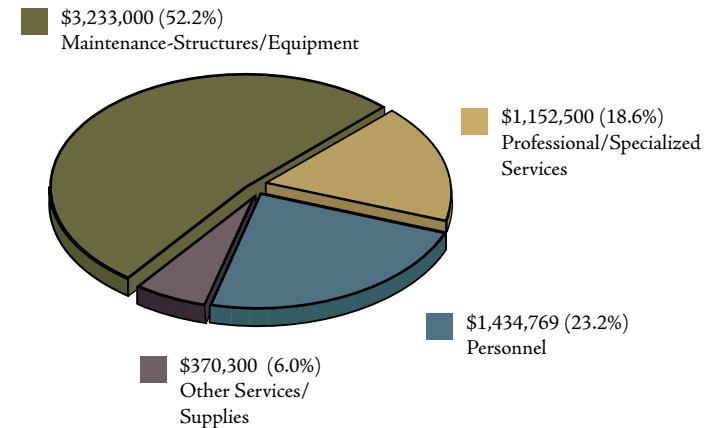


Property taxes support maintenance of the existing flood-protection system. Development fees pay for expansion.

**Water Expense Breakdown FY 2009-10**  
**Total: \$41,778,497**



**Flood Control Expenses FY 2009-10**  
**Total: \$6,190,569**





## Operating & Capital Funds Statement (Actuals FY 2008-09)

OPERATING FUND	Primary Source	FY 2007-2008	FY 2008-2009
<b>Flood Protection Fund</b> (Operations/administration)	Property taxes		
<i>Revenues</i>		\$6,798,036	\$6,766,544
<i>Expenses</i>		3,900,736	3,398,617
<b>State Water Facilities Fund</b> (State Water Project charges, including state voter-approved bonds)	Property taxes		
<i>Revenues</i>		7,544,473	8,766,687
<i>Expenses</i>		6,446,120	8,015,944
<b>Water Enterprise Fund</b> (Operations/administration)	Water Sales		
<i>Revenues</i>		30,571,416	30,640,907
<i>Expenses</i>		24,100,824	26,365,226
<b>Total Operating Revenues</b>		<b>44,913,925</b>	<b>46,174,139</b>
<b>Total Operating Expenditures</b>		<b>34,447,680</b>	<b>37,779,787</b>
<b>NET OPERATING REVENUES FOR PERIOD</b>		<b>\$10,466,245</b>	<b>\$8,394,352</b>

CAPITAL FUNDS YEAR-END BALANCE		June 30, 2008	June 30, 2009
<b>Special Drainage Area Fund</b> (Flood-control project construction)	Development Fees	\$26,489,163	N/A
<b>Special Drainage Area Trust Fund*</b> (Developer reimbursements for flood projects)	Development Fees	9,097,453	N/A
<b>Flood Protection Fund**</b>	Development Fees	N/A	\$33,220,382
<b>Water Facilities Trust*</b> (Primarily for Chain of Lakes Project)	Quarry fees/deposits	3,311,145	3,435,870
<b>Motor Vehicle Replacement Fund</b>	Agency-funded	331,524	175,191
<b>Water System Expansion Fund</b>	Development fees	70,946,035	29,765,901
<b>Water System Improvement/Replacement Fund</b>	Water sales	24,774,701	19,671,247
<b>Water Supply Trust Fund*</b>	Developer agreements	4,557,719	4,660,737
<b>Total Capital Funds</b>		<b>\$139,507,740</b>	<b>\$90,929,328</b>

\*Includes restricted deposits

\*\*On 3/18/09, Zone 7's Board adopted the new Flood Protection & Stormwater Drainage Development Program, replacing the previous Special Drainage Area 7-1 Program.



## EXECUTIVE STAFF

*Jill Duerig, General Manager*

*Kurt Arends, Assistant General Manager, Engineering*

*Vincent Wong, Assistant General Manager, Operations*

*John Yue, Assistant General Manager, Finance*

*Tom Hughes, Human Resources & Safety Manager*



**Zone 7 Water Agency**  
100 North Canyons Parkway  
Livermore, CA 94551  
(925) 454-5000  
[www.zone7water.com](http://www.zone7water.com)

### CREDITS

John Benson: Photography  
Boni Brewer: Writing/Editing  
Davis & Associates: Graphic Design



# **ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**



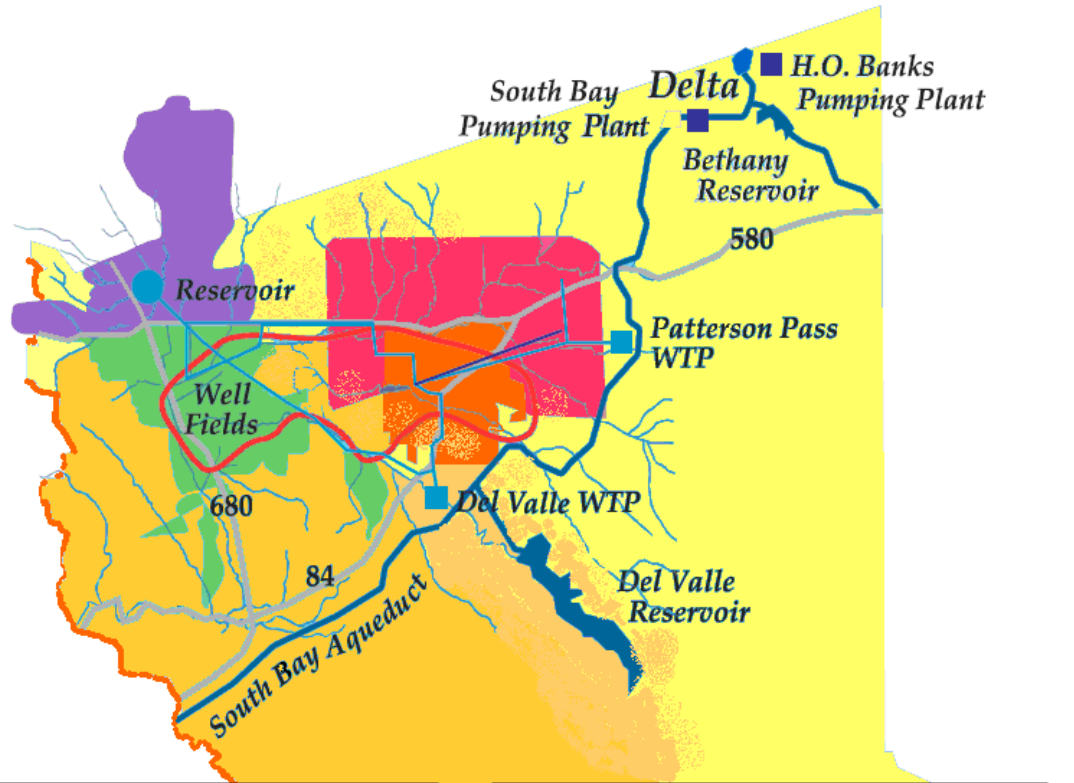
## **FISCAL YEAR 2010-11 BUDGET**

### **MISSION**

Zone 7 Water Agency is committed to providing a reliable supply of high quality water and an effective flood control system to the Livermore-Amador Valley. In fulfilling our present and future commitments to the community, we will develop and manage the water resources in a fiscally responsible, innovative, proactive and environmentally sensitive way.







- City of Pleasanton
- City of Livermore
- Dublin San Ramon Service District
- California Water Service Company

- Zone 7 Transmission Facilities
- Main Groundwater Basin Boundary
- Streams and Flood Control Channels

ORGANIZATIONAL FACT SHEET  
FEBRUARY 2010

Governing Board:

Richard L. Quigley, President  
John J. Greci, Vice President  
Sands H. Figuers  
Stephen A. Kalthoff  
Christopher Moore  
Sarah L. Palmer  
William R. Stevens

Administration:

General Manager                      Jill Duerig

Operating Divisions:

Engineering	Kurt Arends
Finance/Administrative	John Yue
Operations	Vince Wong

Employees:

123 Full-time Equivalent Positions

Authority:

Zone 7 is part of the Alameda County Flood Control and Water Conservation District created by an act of the California State Legislature in 1949. The Alameda County Board of Supervisors acts as the ex officio Board of Supervisors of the District. Zone 7 was created as a zone of the District in 1957 and is governed by a seven member Board of Directors elected at large from the service area for four-year overlapping terms.

Territory:

430 square miles of water service area.  
620 square miles of flood control watershed.

Current Service Functions:

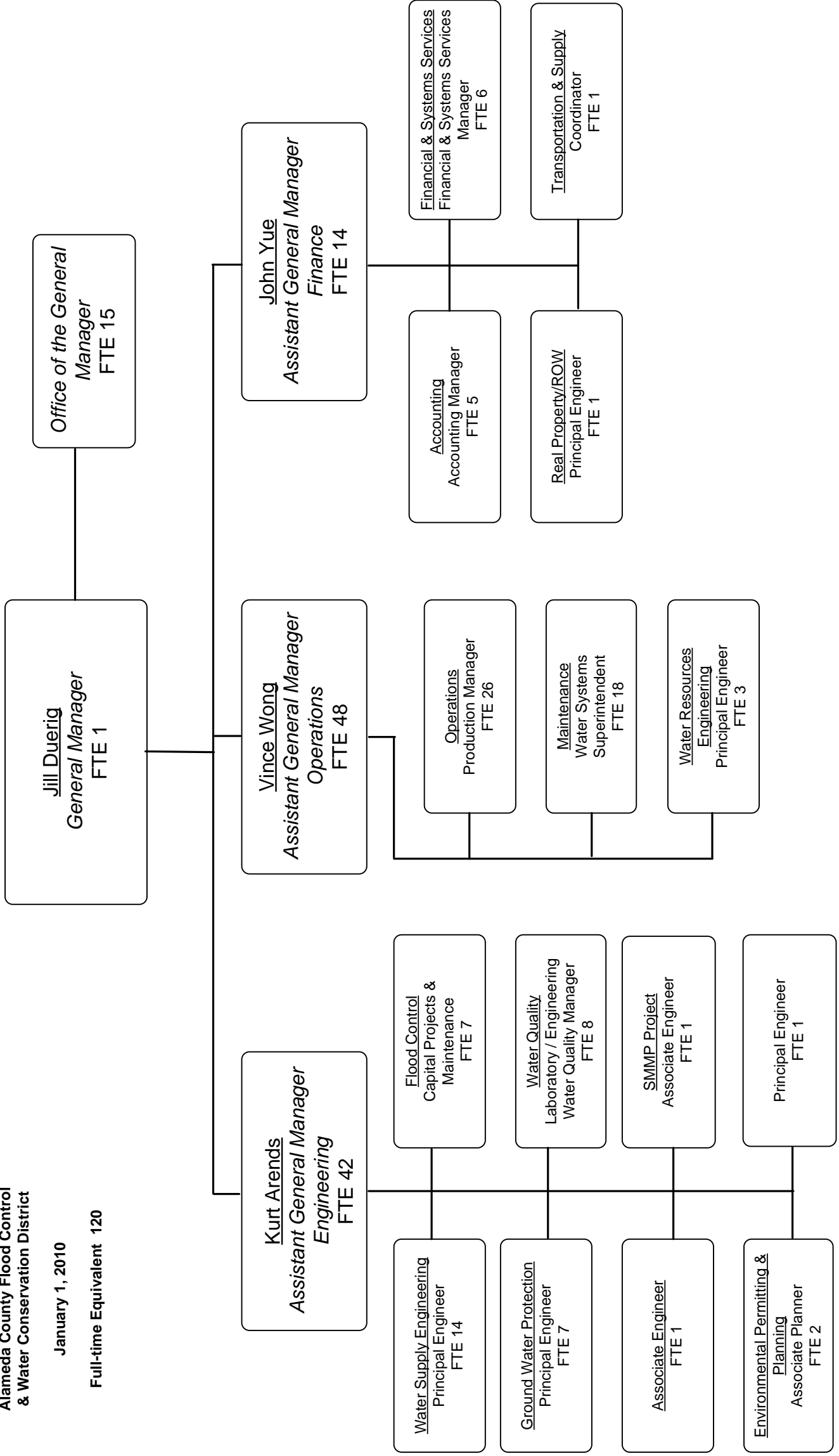
Treated Water Wholesale  
Untreated Water Retail  
Flood Control



Alameda County Flood Control  
& Water Conservation District

January 1, 2010

Full-time Equivalent 120







**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

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

February 17, 2010

Board of Directors  
 Zone 7 Water Agency  
 100 North Canyons Parkway  
 Livermore, CA 94551

**SUBJECT: Final Budget for Fiscal Year 2010-11**

The final budget for the Zone 7 Water Agency for fiscal year (FY) 2010-2011, as adopted by the Board at its February 17, 2010 meeting, is being forwarded for your records. The budget document is the financial plan for the coming fiscal year. It is intended to provide a summary of the programs and objectives of the Agency and the funding to support them.

Summary

The final FY10/11 budget is summarized in the following table. Operating Funds are comprised of General Fund/Flood Control (Fund 50), State Water Facilities (Fund 51) and Water Enterprise (Fund 52) total \$90.5 million, of which \$50.9 million are planned expenditures and \$39.6 million are reserves. Capital Funds are comprised of Renewal & Replacement Program and Systemwide Improvements Program (collectively Fund 72), Expansion Program (Fund 73) and Flood Protection and Stormwater Drainage (Fund 76), total \$33.4 million.

	FY 2009/10 Budget	FY 2010/11 Budget	Amount Change	% Change
<b>Operating Funds</b>				
General Fund/Flood Control	\$6,190,569	\$5,585,957	(\$604,612)	-9.8%
Reserves	\$19,842,155	\$23,429,429	\$3,587,274	
State Water Facilities	\$9,397,448	\$9,650,490	\$253,042	2.7%
Reserves	\$4,494,915	\$5,647,949	\$1,153,034	
Water Enterprise	\$36,465,068	\$35,716,839	(\$748,229)	-2.1%
Reserves	\$8,893,014	\$10,504,666	\$1,611,652	
Operating Funds Total	\$85,283,169	\$90,535,330	\$5,252,161	6.2%
<b>Capital Funds</b>				
Systemwide Improvements Program	\$5,068,940	\$2,900,449	(\$2,168,491)	-42.8%
Renewal & Replacement Program	\$4,055,500	\$5,729,000	\$1,673,500	41.3%
Expansion Program	\$15,773,055	\$20,696,244	\$4,923,189	31.2%
Flood Protection and Stormwater Drainage	\$16,771,500	\$4,093,500	(\$12,678,000)	-75.6%
Capital Funds Total	\$41,668,995	\$33,419,193	(\$8,249,802)	-19.8%
Grand Total	\$126,952,164	\$123,954,523	(\$2,997,641)	-2.4%



### Issues and Trends

The most significant financial issues facing the Agency continue to be the funding of the capital improvement programs for the water and flood control programs in a down economy, and controlling operating costs. While some chemical costs have recently declined, the industry is projecting increases in anticipation of increases in oil prices. Combined with the effects of local conservation and other recycling efforts, water demands have decreased while water production costs remain high because of high fixed costs. The Governor's call to reduce consumption 20% by 2020 further lowers the future demand for water.

The Bay Delta Conservation Plan to address environmental issues, originally anticipated to be completed in 2010, is continuing due to delays. This translates to increased consultant costs in Zone 7's charges from the Department of Water Resources (DWR).

New development revenue is continuing at a low rate. Increased operating costs resulting from the construction of recently completed facilities such as the Mocho Demineralization Plant will continue to impact water rates in future years. Additionally, as the treatment and distribution infrastructure ages with time, the annual funding of the Renewal/ Replacement and System-wide Improvement Fund by the Water Enterprise Fund is increasing commensurate with the higher needs of the aging assets. An updated Asset Management Plan study to assess the condition of the infrastructure assets is about to commence. This planned collaborative effort to include participation by the retailer agencies will indicate if current funding projections are adequate or not.

The South Bay Aqueduct expansion/improvement project, being performed by DWR, is ongoing and funded by connection fees. As the project expenditures ramp up, the debt-services charge from DWR is pushing fixed costs even higher in FY10/11. The Altamont Pipeline-Livermore Reach, has reached substantial completion and is funded from connection fees. The terms of the Installment Sale Agreement entered into in January 2008 permit funding the project with the short-term loan.

The economic down-turn continues to affect projected growth in the Zone 7 service area, impacting revenue from connection fees and the timing for expansion capital improvements. In January 2010, the California Department of Finance is projecting slow recovery as unemployment continues to grow even if the recession may be technically ending. The Association of Bay Area Government forecasts housing growth continuing to be slow in 2010 due to job loss and personal income remaining stagnant but sees some recovery in 2011.

For FY10/11, the Agency will continue to focus on implementing plans to ensure the availability of a sustainable water supply and drought storage protection, evaluate future water source impacts of climate changes, and to finalize the programmatic requirements and funding sources to complete the necessary flood control improvements to meet the needs of the service area community.

### Staffing

The budget for FY10/11 provides for 120.0 full-time equivalent positions. In 2009, the Board approved recommendations by staff to re-align staffing resources. Five (5) positions, Electrician (1), Instrument Technicians (2), and Construction Maintenance Laborer (2), were added and

funded through the reduction of outside services contracts. This resulted in no incremental increase to the approved budget. As of February 5, 2010, there are twenty-two (22) vacant, unfilled positions. The “soft” hiring freeze that began in FY09/10 is continuing with ten (10) positions planned to remain unfilled in FY10/11. The “soft” hiring freeze combined with the Voluntary Resignation Program in January 2010 having four (4) participants, has resulted in additional anticipated salary savings in FY10/11 of approximately \$1.3 million.

#### Operating Budgets

Revenue levels of all operating funds is estimated to increase by \$3.0 million while the operating budget appropriations are increasing overall by \$5.3 million over the previous fiscal year’s budget: a decrease of \$1.1 million in expenditures and \$6.4 million in additional reserves.

The General/Flood Control Fund revenue is projected to decrease by \$1.5 million primarily reflecting overall lower property value assessments due to the slower economy. The expenditures are decreasing by \$0.6 million reflecting normal anticipated levels of flood control system maintenance in FY10/11. Project Reserve funds for major maintenance projects are increasing by \$3.6 million due in part to mild storm seasons in recent periods and in anticipation of projects planned in the Capital Improvement Plan (CIP).

The State Water Facilities Fund revenue is projected to increase by \$0.7 million primarily reflecting the property tax override and increased reimbursements needed to fund anticipated DWR charges for the State Water Project. The expenditures are increasing overall by \$1.4 million based on anticipated DWR charges for FY10/11. The reserves in this fund are increasing by \$1.1 million to reflect the cash flow needs pending receipt of property taxes and to address any changes implemented midyear by the Department of Water Resources. A portion of the State Water Project charges are funded by the Expansion program representing future users.

The Water Enterprise Fund revenue is projected to increase by \$3.8 million primarily due to the Board-approved 2010 water rates and the projected 2011 water rates. Expenditures are decreasing \$0.7 million from the FY09/10 budget, reflecting a \$0.5 million decrease in water treatment related costs for water, power and chemicals and a \$0.2 million decrease in other operating costs primarily in personnel, professional services, and maintenance of facilities. The reserves are at \$10.5 million, comprised of the emergency/operating reserves of approximately 20% of operating costs (includes \$1.8 million for salary savings due to the soft hiring freeze and additional cost reduction initiatives) and the remainder being Rate Stabilization Fund reserves. A Rate Stabilization Reserve Fund was established after the drought in the early 1990’s in order to mitigate rate fluctuations in case of a major loss of revenue due to a prolonged drought or emergency supply outage. This amount is based on a potential 10% reduction in water sale revenue due to expected water conservation in the event of a drought. However, at the November 2009 Board meeting, the Board authorized the use of this rate stabilization reserve if needed due to conservation and the court-ruled DWR pumping reduction. For FY10/11, \$3.4 million is planned on being used to offset lower water sales revenue, if needed.

#### Capital Budgets

The capital projects expenditures budget is decreasing 3.0 million. The net decrease is comprised of a \$4.9 million increase in the Expansion program and a \$1.7 million increase in the Renewal and Replacement program. This is offset by a \$12.7 million decrease in the Flood

Protection and Stormwater Drainage program and a \$2.2 million decrease in the System-wide Improvements program.

Contributions from the Water Enterprise Fund and Facility Use Fees provide the primary funding for the Renewal & Replacement and Systemwide Improvements programs. Transfers from the Water Enterprise Fund are planned at \$5.4 million in FY10/11. In addition, revenue of \$0.7 million is anticipated from Facility Use Fees from water users in the Dougherty Valley area. Expenditures for FY10/11 budget total \$8.6 million. Planned projects include \$1.3 million for DVWTP Interior Coating Improvements to 4.5 MG Steel Clearwell; \$0.7 million for PPWTP Electrical System Upgrade; \$0.6 million for PPWTP Sewer System; \$0.5 million for DVWTP Chemical Systems/Parking Lot Improvements; \$0.5 million for Foley Road Re-alignment; \$0.4 million for Enhanced Conservation Program; \$0.4 million for PPWTP Ultrafiltration Membrane Replacement; \$0.4 million for building purchase sinking fund; \$0.3 million for PPWTP Improvements Studies 2011; \$0.3 million for DVWTP Improvements Project; \$0.3 million for HET and HEW Rebate Programs; and \$2.1 million for various projects under \$0.2 million each. A total of \$0.8 million in contingency funds for unanticipated and/or emergency projects is included in the budget for these two programs combined.

The Expansion Program is funded through new development connection fees. Revenue from connection fees for FY10/11 is projected at \$8.0 million based on estimated new connections and \$0.3 million in interest earned. In January 2008, the Board approved Installment Sales Agreement (ISA) became effective. The ISA provides for the funding of the AWTP and the Altamont Pipeline Project. With the Altamont Pipeline Project – Livermore Reach completed, the ISA permits a draw of approximately \$30.5 million. This will provide additional funding at a low cost to meet reserves and other fixed costs project requirements during a period when new development is taking time to recover over the next three to four years.

The Expansion Fund expenditures for FY10/11 budget total \$20.7 million. Projects proposed under the Expansion Program include \$0.6 million for interest expense on the ISA and Capital Improvement Program Management; \$25,000 for Transmission System Master Planning; \$18.8 million for Water Supply and Conveyance projects (of which non-discretionary projects total \$18.2 million); \$23,000 for Water Treatment facilities projects; and \$0.3 million for Well Master Plan Wells. There is also \$0.5 million for contingency funds, and \$0.4 million for the N. Canyons Building lease. The major reason for reduced expenditures planned in FY10/11 is due to the substantial completion of the Altamont Pipeline – Livermore Reach, Mocho Demin and Chain of Lakes Wells 1 & 2 in FY09/10.

As a result of the slow-down in development activities and reduced connection fees revenue, Expansion Fund expenditures have been curtailed to cover primarily non-discretionary projects. Non-discretionary projects totaling \$18.2 million include the South Bay Aqueduct Enlargement/Improvement program debt service, Future Contractor's Share of the SBA, Cawelo Groundwater Banking Program debt service, interest expense on the ISA, N. Canyons lease, BDCP Program, Fixed Cost of Water Entitlements and SWP Peaking Payments to Lost Hills and Belinda Water Districts.

Revenue to be received by the Flood Protection and Stormwater Drainage Program in FY10/11 is estimated at \$0.8 million, from developer projects plus interest earned. Expenditures total \$4.2



million. Projects planned include \$1.5 million for the Development Impact Fee Program Update; \$1.3 million for improvements at Arroyo de la Laguna; \$0.4 million earmarked for the Streams Management Master Plan (SMMP) and new projects developed from that effort; \$0.4 for Channel Restoration; \$0.1 million in consulting and other costs; \$0.1 million for design review and management of the SDA program; \$0.1 million for lease costs of the new administration building; \$0.1 million contribution for building purchase sinking fund; and \$0.2 in various other projects.

Very truly yours,

A handwritten signature in blue ink that reads "John Yue". The signature is written in a cursive style with a large, looping initial "J".

John Yue  
Assistant General Manager  
Finance & Business Services



2010-2011  
BUDGET





ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BUDGET  
FISCAL YEAR 2010 - 2011

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ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
FISCAL YEAR 2010-11

SUMMARY

The proposed Zone 7 budgets for Fiscal Year 2010-11 are summarized as follows:

<u>Operating Funds</u>	FY 2009/10 Budget	FY 2009/10 Projected Actuals	FY 2010/11 Proposed Budget
1. General Fund/Flood Control	\$6,190,569	\$3,503,126	\$5,585,957
Reserves	\$19,842,155	\$23,502,583	\$23,429,429
2. State Water Facilities	\$9,397,448	\$8,605,338	\$9,650,490
Reserves	\$4,494,915	\$5,701,410	\$5,647,949
3. Water Enterprise	\$36,465,068	\$32,239,848	\$35,716,839
Reserves	\$8,893,014	\$9,021,270	\$10,504,666
<b>Grand Totals</b>	<b>\$85,283,169</b>	<b>\$82,573,575</b>	<b>\$90,535,330</b>

<u>Capital Funds</u>	FY 2009/10 Budget	FY 2009/10 Projected Actuals	FY 2010/11 Proposed Budget
1. Systemwide Improvements Program	\$5,068,940	\$3,535,234	\$2,900,449
2. Renewal & Replacement Program	\$4,055,500	\$7,610,216	\$5,729,000
3. Expansion Program	\$15,773,055	\$25,632,046	\$20,696,244
4. Flood Protection and Stormwater Drainage	\$16,771,500	\$10,586,884	\$4,093,500
<b>Grand Totals</b>	<b>\$41,668,995</b>	<b>\$47,364,380</b>	<b>\$33,419,193</b>



**GENERAL FUND/FLOOD CONTROL  
BUDGET**



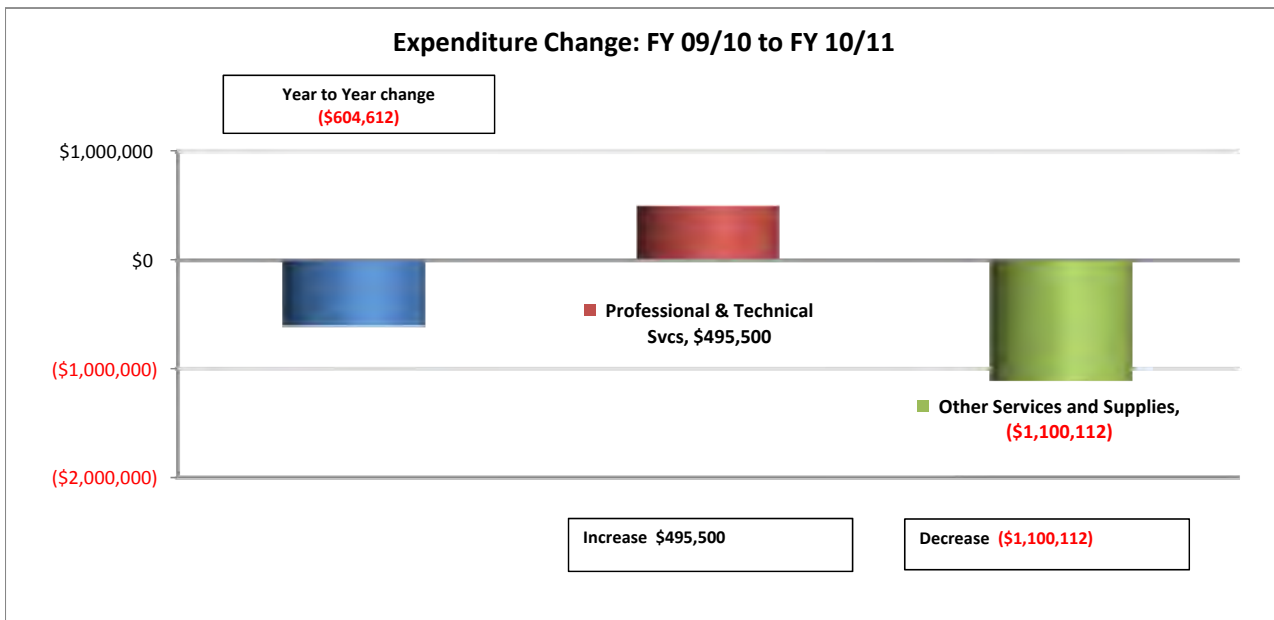
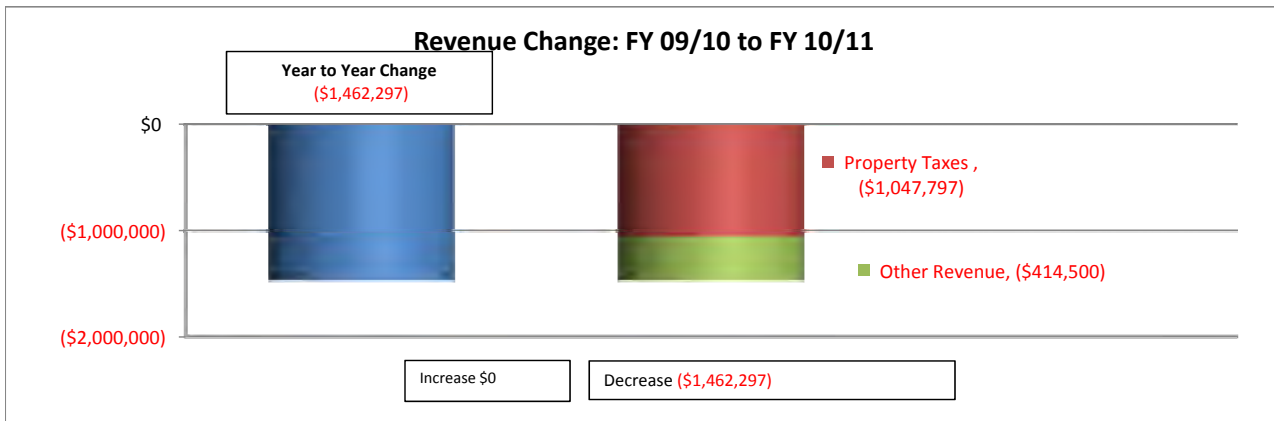


**ZONE 7**  
**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**FISCAL YEAR 2010-11**

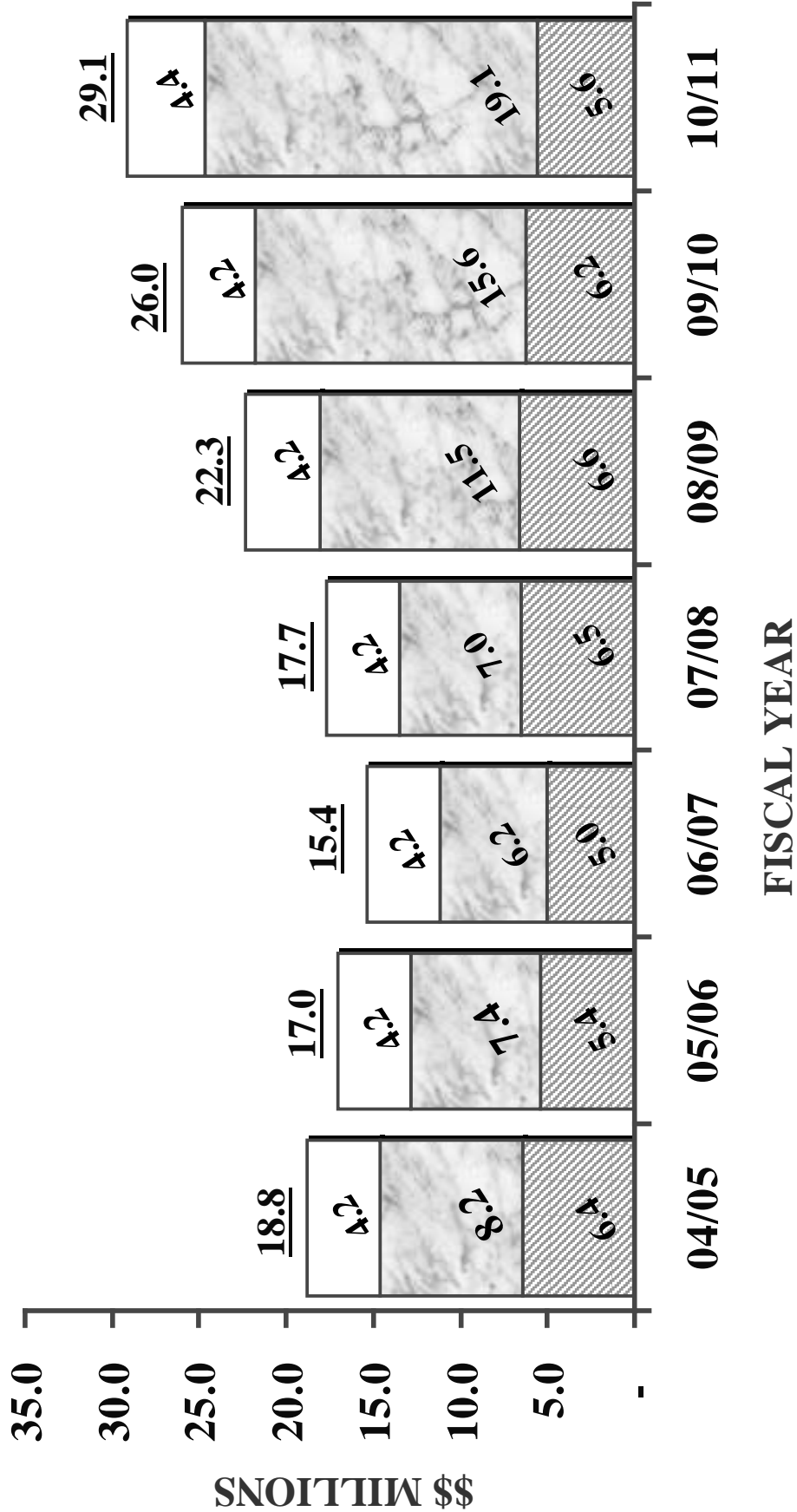
**GENERAL FUND/FLOOD CONTROL (FUND 50)**

This budget unit provides the funding for general administration and flood control services. The purpose of this program is to ensure the controlled drainage of the Valley's excess water runoff. Zone 7 manages a watershed of nearly 620 square miles including eastern Alameda County and parts of Contra Costa, Santa Clara and San Joaquin Counties. More than 37 miles of flood control channels and drainage facilities are owned and maintained by Zone 7. This budget finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas.

	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>Change Amount</b>	<b>% Change</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>		
Appropriation (Expenses)	\$6,190,569	\$3,503,126	(\$604,612)	(9.77%)
Reserves	\$19,842,155	\$23,502,583	\$3,587,274	
Revenue	\$6,975,100	\$5,827,488	(\$1,462,297)	(20.96%)



**GENERAL FUND/FLOOD CONTROL (50)**  
**Budget Including Reserves**



Budget Expenses
  Project Reserves
  Oper/Emer Reserves

**SUMMARY: REVENUES/EXPENDITURES**  
**GENERAL FUND/FLOOD CONTROL (50)**

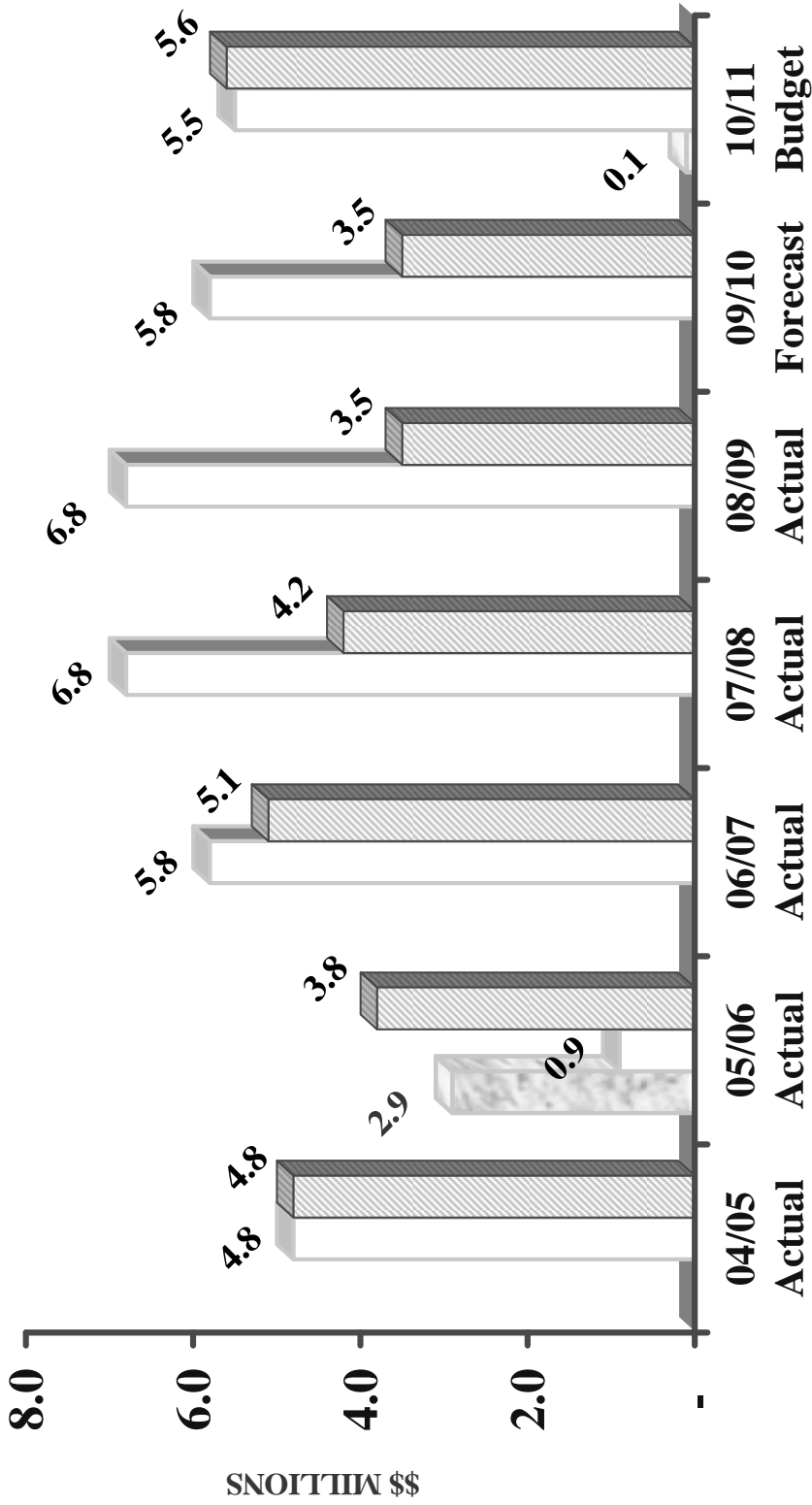
	Fiscal Year 2009/10 Forecast	Fiscal Year 2010/11 Budget	Change	% Change
<b>Beginning Available Fund Balance</b>	<b>\$21,178,220</b>	<b>\$23,502,583</b>		
<u>Estimated Revenue</u>				
Current Tax Revenue	\$5,109,875	\$4,889,203	(\$220,672)	(4%)
Other Revenue	\$717,613	\$623,600	(\$94,013)	(13%)
<b>Total Revenue:</b>	<b>\$5,827,488</b>	<b>\$5,512,803</b>	<b>(\$314,685)</b>	<b>(5%)</b>
<u>Estimated Expenditures</u>				
Personnel	\$1,093,738	\$1,112,061	\$18,323	2%
Services & Supplies	\$2,409,388	\$4,455,396	\$2,046,008	85%
Fixed Assets	\$0	\$18,500	\$18,500	0%
<b>Total Expenditures</b>	<b>\$3,503,126</b>	<b>\$5,585,957</b>	<b>\$2,082,831</b>	<b>59%</b>
Net Revenue over Expenditures	\$2,324,363	(\$73,154)	(\$2,397,517)	(103%)
<b>Estimated Ending Available Fund Balance</b>	<b>\$23,502,583</b>	<b>\$23,429,429</b>	<b>(\$73,154)</b>	<b>(0%)</b>
<u>Reserve Funds</u>				
Operating/Emergency Reserves <sup>1</sup>	\$4,200,000	\$4,375,419	\$175,419	4%
Project Reserves	\$18,796,643	\$18,466,120	(\$330,523)	(2%)
Building Sinking Fund	\$505,940	\$587,890	\$81,950	16%
<b>Reserve Funds Balance</b>	<b>\$23,502,583</b>	<b>\$23,429,429</b>	<b>(\$73,154)</b>	<b>(0%)</b>



<sup>1</sup> FY 10/11 Operating/Emergency Reserves include cost saving initiatives, comprised of \$175,419 in anticipated personnel savings. While these savings are anticipated, amounts must be appropriated in order to maintain the vacant positions in the Alameda County's budget.



**GENERAL FUND/FLOOD CONTROL (50)**  
**Revenue vs Expenses**



Use of Fund Balance  Revenue  Expenses

**BUDGET WORKSHEET  
 GENERAL FUND/FLOOD CONTROL (50)**

Acct #	50 Account Description	Final Budget 09/10	Proposed Budget 10/11	Change Amount	Opr/Emer Reserves
<b><u>Revenues &amp; Transfers</u></b>					
4111	Property Taxes Current Secured	\$4,700,000	\$4,589,203	(\$110,797)	
4112	Property Taxes Current Unsecured	\$1,160,000	\$300,000	(\$860,000)	
4113	Property Tax-Supplemental	\$103,000	\$0	(\$103,000)	
4114	Property Taxes Prior Secured	\$150,000	\$170,000	\$20,000	
4115	Property Taxes Sa Secured	\$30,000	\$36,000	\$6,000	
4116	Property Taxes Prior Unsecured	\$9,000	\$9,000	\$0	
4117	Property Taxes Prior Sa Unsecured	\$1,000	\$1,000	\$0	
4191	Other Licenses & Permits	\$2,500	\$2,000	(\$500)	
4211	Disaster Reimbursements	\$0	\$0	\$0	
4221	HPTR	\$54,000	\$54,000	\$0	
4241	Federal;Other	\$0	\$0	\$0	
4251	Local Housing Authority In-Lieu	\$600	\$600	\$0	
4311	Interest on Investments	\$700,000	\$300,000	(\$400,000)	
4331	Rent of Land & Buildings	\$25,000	\$17,000	(\$8,000)	
4610	Other Charges for Current Services	\$25,000	\$20,000	(\$5,000)	
4631	Plan Checking Fees	\$5,000	\$4,000	(\$1,000)	
4810	Other Revenue	\$10,000	\$10,000	\$0	
	<b>Total Revenues</b>	<b>\$6,975,100</b>	<b>\$5,512,803</b>	<b>(\$1,462,297)</b>	
<b><u>Expenditures, Reserves &amp; Credits</u></b>					
6100	<b>Labor &amp; Overhead Apportioned</b>				
6110	Direct Labor & Benefits Appor	\$939,732	\$983,781	\$44,049	\$175,419
6120	Indirect Labor & Benefits Appor	\$495,037	\$430,599	(\$64,438)	
	<b>Total Personnel</b>	<b>\$1,434,769</b>	<b>\$1,414,380</b>	<b>(\$20,389)</b>	<b>\$175,419</b>
6200	<b>Professional &amp; Technical Svcs</b>				
6210	Professional & Tech Svcs	\$5,318,778	\$6,608,613	\$1,289,835	\$4,995,613
6230	County Prof & Tech Services	\$85,000	\$35,000	(\$50,000)	
6250	District Prof & Tech Services	\$5,000	\$0	(\$5,000)	
6280	Dist Labor/Indirect - Misc	\$0	\$0	\$0	
6500	<b>Utilities</b>				
6510	Gas & Electricity	\$0	\$0	\$0	
6520	Communications	\$5,090	\$4,750	(\$340)	
6600	<b>Facilities Services</b>				
6610	Cleaning Services	\$5,000	\$5,000	\$0	
6610	Other	\$0	\$0	\$0	
6612	Garbage Disposal	\$5,000	\$5,000	\$0	
6614	Janitorial Service	\$0	\$0	\$0	
6620	Maint Svcs & Mat - Equipment	\$154,507	\$172,996	\$18,489	\$169,996
6630	Maint Svcs & Mat - Strcuts & Imp's	\$17,992,668	\$19,601,848	\$1,609,180	\$17,341,848
6640	Rents & Leases - Equipment	\$78,269	\$86,932	\$8,663	\$58,932
6650	Rents & Leases - Land, Strcuts	\$109,000	\$111,100	\$2,100	
6670	Other Property Services	\$0	\$0	\$0	
6700	<b>Services and Supplies</b>				
6720	Emergency & Safety	\$26,000	\$11,000	(\$15,000)	
6740	Office Expense	\$54,500	\$59,500	\$5,000	
6750	Organization Memberships & Dues	\$51,500	\$81,500	\$30,000	
6760	Other Services & Supplies	\$115,871	\$128,131	\$12,260	\$99,731
6761	Advertising & Legal Services	\$1,000	\$1,000	\$0	
6762	Clothing & Personal Supplies	\$600	\$600	\$0	
6764	Household Expense	\$600	\$400	\$0	
6765	Laboratory Supplies	\$200	\$0	\$0	
6766	Tools & Instruments	\$2,100	\$100	(\$2,000)	
6767	State & Local Fees	\$25,200	\$25,200	\$0	
6768	Uniform Service	\$1,100	\$1,100	\$0	
6769	Other	\$85,071	\$99,731	\$14,660	
6770	Training	\$21,000	\$16,000	(\$5,000)	
6780	Transportation	\$1,500	\$500	(\$1,000)	
6790	Travel	\$3,500	\$5,500	\$2,000	
6800	<b>Equipment</b>				
6810	Equipment & Vehicle Expense	\$34,410	\$60,246	\$25,836	\$0
6900	<b>Other</b>				
6910	Non-Operating Expense	\$5,000	\$6,000	\$1,000	
	<b>Total Services &amp; Supplies</b>	<b>\$24,066,593</b>	<b>\$26,994,616</b>	<b>\$2,928,023</b>	<b>\$22,666,120</b>
6245	Reprographics-AlaCo	\$5,000	\$0	(\$5,000)	
	<b>Total Non-Discretionary Expenditure</b>	<b>\$5,000</b>	<b>\$0</b>	<b>(\$5,000)</b>	
7500	<b>Capital Land, Structures, &amp; Equip</b>				
7510	Capital Structures & Improvmts	\$507,862	\$587,890	\$80,028	\$587,890
7520	Capital Equipment	\$18,500	\$18,500	\$0	
	<b>Total Fixed Assets</b>	<b>\$526,362</b>	<b>\$606,390</b>	<b>\$80,028</b>	<b>\$587,890</b>
	<b>Total Expenditures</b>	<b>\$26,032,724</b>	<b>\$29,015,386</b>	<b>\$6,003,372</b>	<b>\$23,429,429</b>
	% Change General Fund/Flood Control Budget			23.06%	



**STATE WATER FACILITIES FUND  
BUDGET**



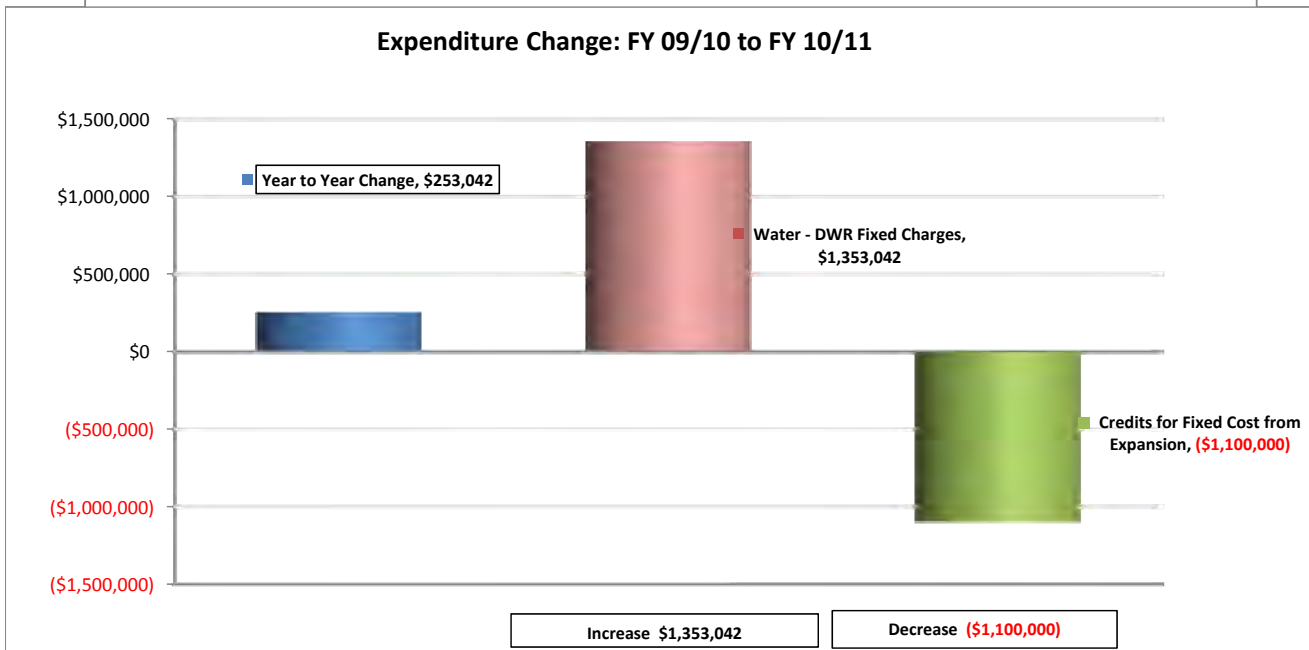
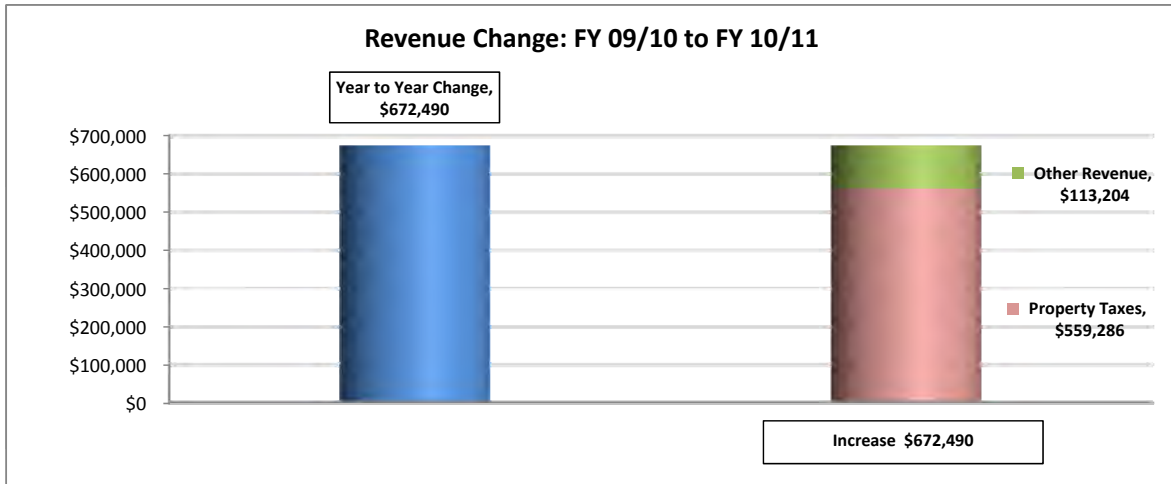


**ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
FISCAL YEAR 2010-11**

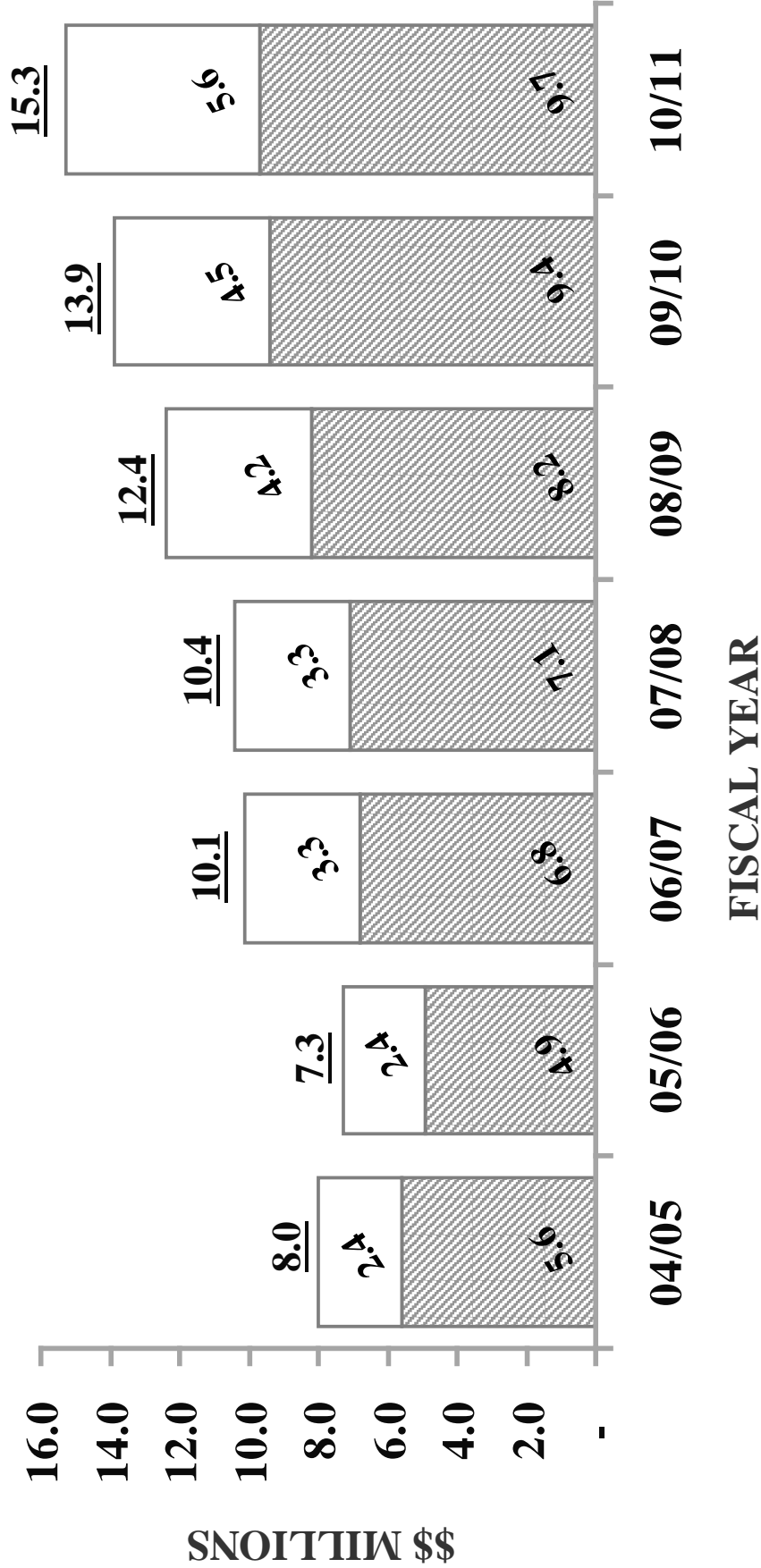
**STATE WATER FACILITIES FUND (FUND 51)**

This budget finances the "fixed cost" payment to the State Department of Water Resources (DWR) to import water to Zone 7. The purpose is to pay the costs for use of the State water delivery system, which includes repayment of voter approved, State incurred, long-term debt.

	<b>FY 2009/10 Budget</b>	<b>FY 2010/11 Budget</b>	<b>Change Amount</b>	<b>% Change</b>
Appropriation (Expenses)	\$9,397,448	\$9,650,490	\$253,042	2.69%
Reserves	\$19,842,155	\$23,429,429	\$1,153,034	
Revenue	\$8,924,539	\$9,597,029	\$672,490	7.54%



**STATE WATER FACILITIES FUND (51)**  
**Budget Including Reserves**



Budget Expenses
  Emer/Oper Reserves

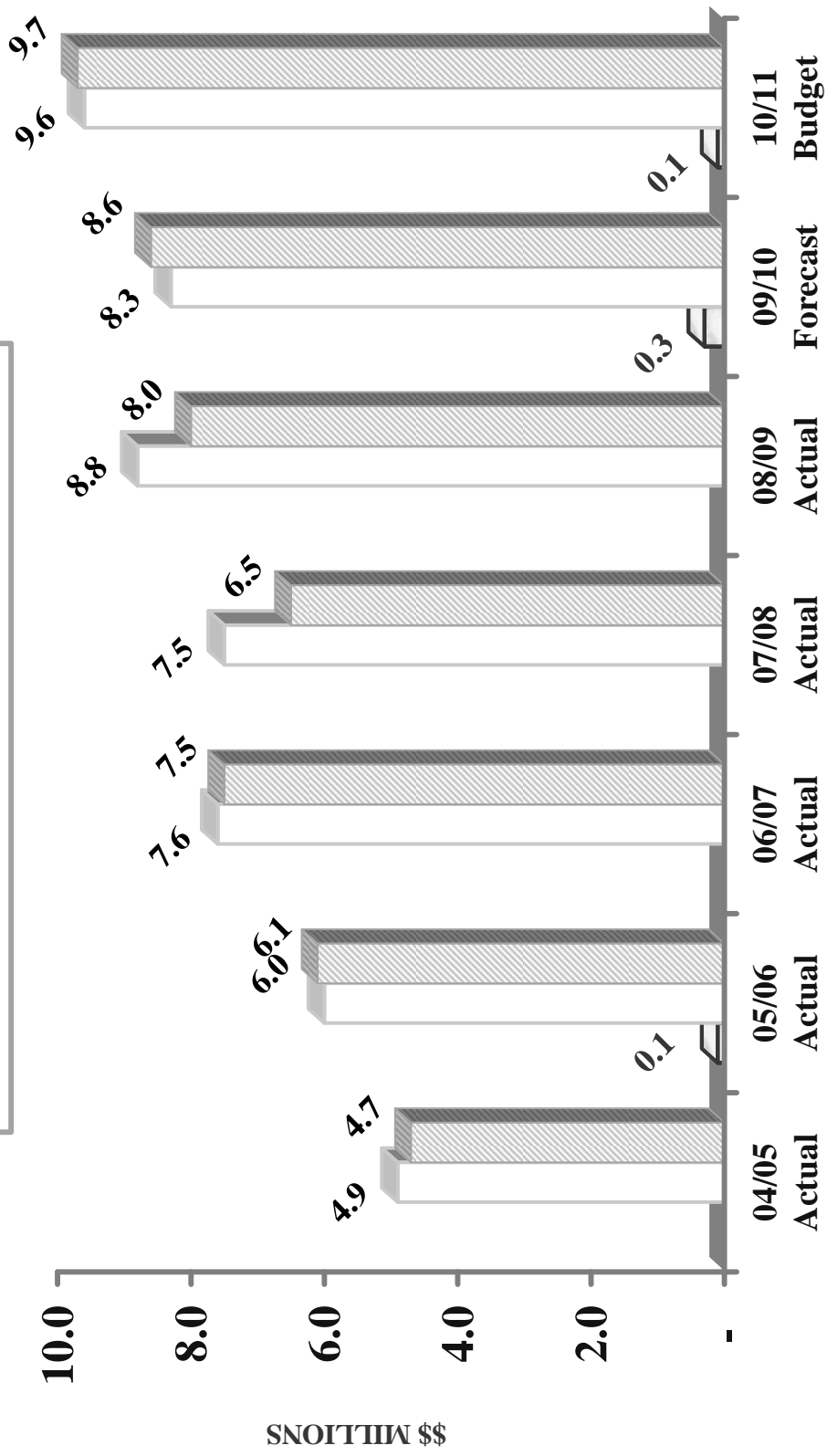
**SUMMARY: REVENUES/EXPENDITURES**  
**STATE WATER FACILITIES FUND (51)**

	Fiscal Year 2009/10 Forecast	Fiscal Year 2010/11 Budget	Change	% Change
<b>Beginning Available Fund Balance</b>	\$6,020,147	\$5,701,410		
Adjustment	\$0	\$0		
<b>Net Beginning Available Fund Balance</b>	<b>\$6,020,147</b>	<b>\$5,701,410</b>		
<b><u>Estimated Revenue</u></b>				
Current Tax Revenue	\$6,723,646	\$7,800,000	\$1,076,354	16%
Other Revenue	\$1,562,955	\$1,797,029	\$234,074	15%
<i>Total Revenue:</i>	<i>\$8,286,601</i>	<i>\$9,597,029</i>	<i>\$1,310,428</i>	<i>16%</i>
<b><u>Estimated Expenditures</u></b>				
Payments to Dept of Water Resources	\$10,605,338	\$12,750,490	\$2,145,152	20%
Intra-Fund Transfer	(\$2,000,000)	(\$3,100,000)	(\$1,100,000)	55%
<i>Total Expenditures</i>	<i>\$8,605,338</i>	<i>\$9,650,490</i>	<i>\$1,045,152</i>	<i>12%</i>
Net Revenue over Expenditures	(\$318,737)	(\$53,461)	\$265,276	(83%)
<b>Estimated Ending Available Fund Balance</b>	<b>\$5,701,410</b>	<b>\$5,647,949</b>	<b>(\$53,461)</b>	<b>(1%)</b>
Reserve Funds	\$5,701,410	\$5,647,949	(\$53,461)	(1%)
Net Expenditures & Reserves	\$14,306,748	\$15,298,439	\$991,691	7%
<b>Total Appropriation</b>	<b>\$16,306,748</b>	<b>\$18,398,439</b>	<b>\$2,091,691</b>	<b>13%</b>



# STATE WATER FACILITIES FUND (51)

## Revenue vs Expenses



FISCAL YEAR

Use of Fund Balance Revenue Expenses

**BUDGET WORKSHEET  
STATE WATER FACILITIES FUND (51)**

Acct #	51 Account Description	Final Budget 09/10	Proposed Budget 10/11	Change Amount	Opr/Emer Reserves
<b><u>Revenues &amp; Transfers</u></b>					
4111	Property Taxes Current Secured	\$6,903,750	\$7,405,000	\$501,250	
4112	Property Taxes Current Unsecured	\$226,600	\$245,000	\$18,400	
4113	Property Tax-Supplemental	\$154,500	\$150,000	(\$4,500)	
4114	Property Taxes Prior Secured	\$103,000	\$154,500	\$51,500	
4115	Property Taxes Sa Secured	\$15,450	\$15,914	\$464	
4116	Property Taxes Prior Unsecured	\$13,390	\$5,150	(\$8,240)	
4117	Property Taxes Prior Sa Unsecured	\$618	\$1,030	\$412	
4221	Homeowners Prop Tax Relief	\$45,000	\$45,000	\$0	
4251	Local Housing Authority In-Lieu	\$100	\$100	\$0	
4311	Interest on Investments	\$90,000	\$90,000	\$0	
4321	Interest from Other Sources	\$80,000	\$80,000	\$0	
4541	Water Service Surcharge	\$777,131	\$890,335	\$113,204	
4810	Other Revenue	\$515,000	\$515,000	\$0	
	<b><u>Total Revenues</u></b>	<b><u>\$8,924,539</u></b>	<b><u>\$9,597,029</u></b>	<b><u>\$672,490</u></b>	
<b><u>Expenditures, Reserves &amp; Credits</u></b>					
6410	Water - DWR Fixed Charges	\$15,892,363	\$18,398,439	\$2,506,076	\$5,647,949
6419	Credits for Fixed Cost from Expansion	(\$2,000,000)	(\$3,100,000)	(\$1,100,000)	
	<b><u>Total Expenditures</u></b>	<b><u>\$13,892,363</u></b>	<b><u>\$15,298,439</u></b>	<b><u>\$1,406,076</u></b>	<b><u>\$5,647,949</u></b>
	% Change State Water Facilities Fund			10.12%	



**WATER ENTERPRISE FUND  
BUDGET**





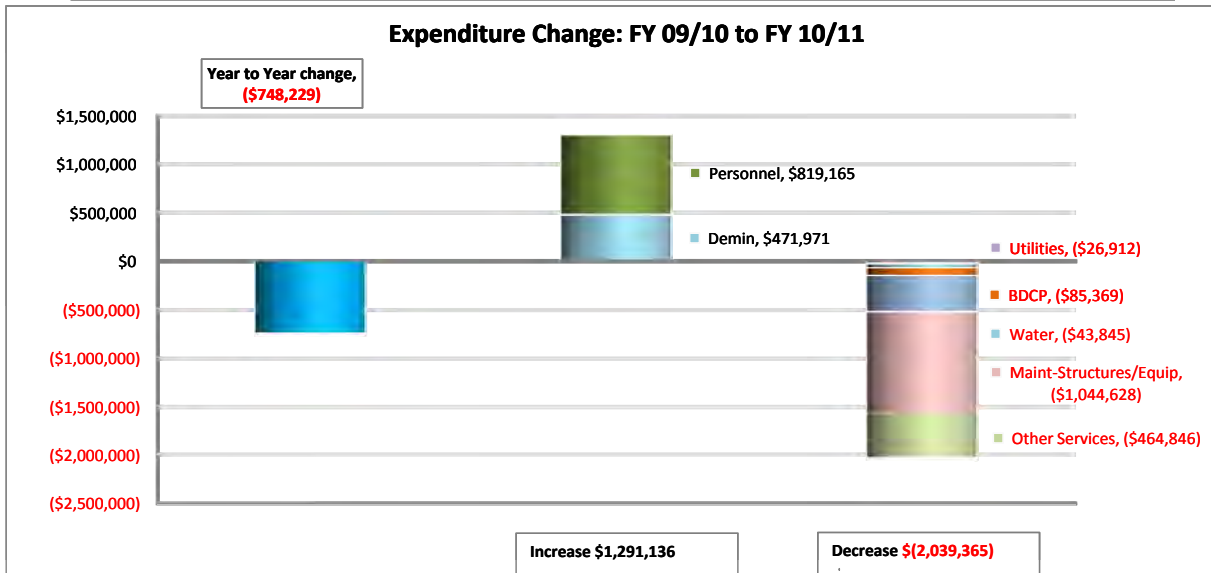
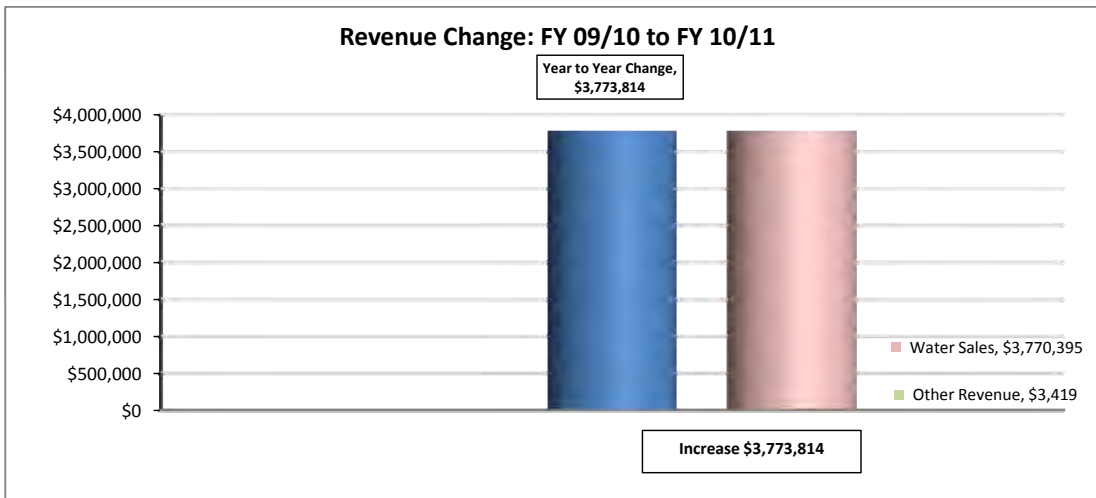
**ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
FISCAL YEAR 2010-11**

**WATER ENTERPRISE FUND (FUND 52)**

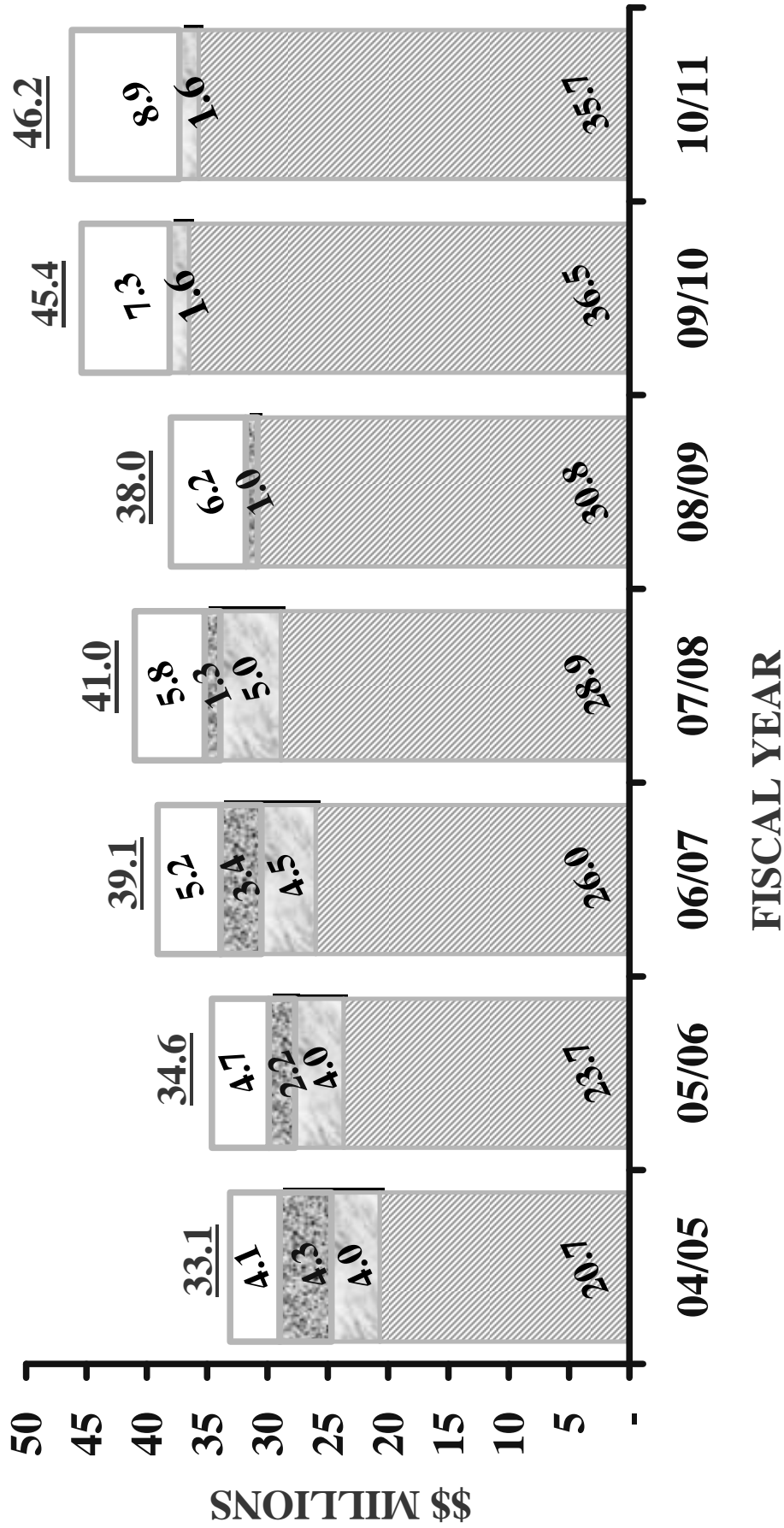
This budget finances Zone 7's water program which includes general administration, facilities engineering, operations and maintenance of the water supply and delivery system, water resources management, and water supply planning and design.

The purpose of this fund is to ensure the delivery of high quality water to the Livermore-Amador Valley. This includes water treatment and distribution of potable water; distribution of untreated agricultural water; and surface water and groundwater management. Water distributed is a combination of locally conserved and imported water from the State Water Project. Activities include water treatment; water quality analysis; water resource management and groundwater protection; and water supply planning and engineering.

	<b>FY 2009/10 Budget</b>	<b>FY 2010/11 Budget</b>	<b>Change Amount</b>	<b>% Change</b>
Appropriation (Expenses)	\$36,465,068	\$32,239,848	(\$748,229)	(2.05%)
Reserves	\$8,893,014	\$9,021,270	\$1,611,652	
Revenue	\$35,126,723	\$34,592,689	\$3,773,814	10.74%



**WATER ENTERPRISE BUDGET (52)**  
**Budget Including Reserves**



Budget Expenses
  Rate Stabilization
  Special Reserves
  Emer/Oper Reserves

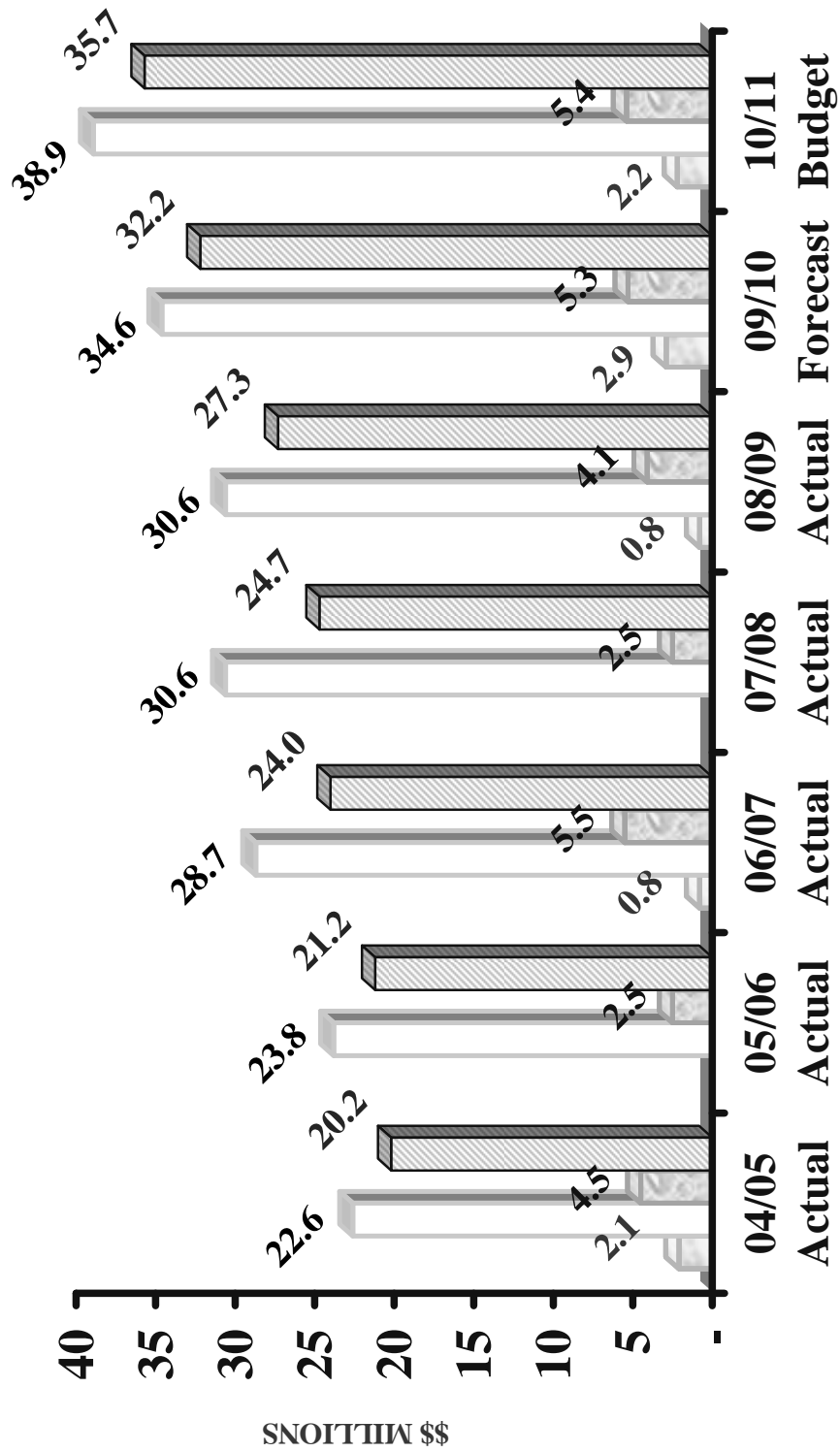
**SUMMARY: REVENUES/EXPENDITURES**  
**WATER ENTERPRISE FUND (52)**

	Fiscal Year 2009/10 Forecast	Fiscal Year 2010/11 Budget	Change	%
<b>Beginning Available Fund Balance</b>	<b>\$23,549,842</b>	<b>\$19,437,550</b>		
Adjustments	(\$1,153,493)			
<b>Net Beginning Available Fund Balance</b>	<b>\$22,396,349</b>	<b>\$19,437,550</b>		
<u>Estimated Revenue</u>				
Water Sales	\$33,843,108	\$38,153,537	\$4,310,429	13%
Interest	\$515,581	\$400,000	(\$115,581)	(22%)
Other	\$234,000	\$347,000	\$113,000	48%
<b>Total Revenue:</b>	<b>\$34,592,689</b>	<b>\$38,900,537</b>	<b>\$4,307,848</b>	<b>12%</b>
<u>Estimated Expenditures</u>				
Personnel	\$16,730,901	\$17,108,504	\$377,602	2%
Services & Supplies	\$19,838,949	\$22,269,448	\$2,430,500	12%
County Indirect Cost	\$474,800	\$650,000	\$175,200	37%
Fixed Assets	\$207,000	\$70,500	(\$136,500)	(66%)
Credits to Other Funds	(\$5,011,802)	(\$4,381,613)	\$630,189	(13%)
<b>Total Expenditures</b>	<b>\$32,239,848</b>	<b>\$35,716,839</b>	<b>\$3,476,991</b>	<b>11%</b>
Net Revenue over Expenditures	\$2,352,841	\$3,183,698	\$830,857	35%
<b>Estimated Ending Available Fund Balance</b>	<b>\$24,749,190</b>	<b>\$22,621,248</b>	<b>(\$2,127,942)</b>	<b>(9%)</b>
<u>Year End Fund Contributions</u>				
Fund 72 - Renewal & Repl/Syst Imp	(\$5,311,640)	(\$5,414,890)	(\$103,250)	2%
<b>Estimated Net Ending Available Funds</b>	<b>\$19,437,550</b>	<b>\$17,206,358</b>	<b>(\$2,231,192)</b>	<b>(11%)</b>
<u>Reserve Funds</u>				
Rate Stabilization Fund	\$1,600,000	\$1,600,000	\$0	0%
Operating/Emergency Reserves <sup>1</sup>	\$6,447,970	\$8,904,666	\$2,456,696	38%
Designated Account Reserves				
Personnel	\$973,300	\$0	(\$973,300)	(100%)
Chemicals	\$0	\$0	\$0	0%
Utilities	\$0	\$0	\$0	0%
Water	\$0	\$0	\$0	0%
<b>Total Designated Reserves</b>	<b>\$973,300</b>	<b>\$0</b>	<b>(\$973,300)</b>	<b>(100%)</b>
Net Reserves	\$9,021,270	\$10,504,666	\$1,483,396	16%
<b>Net Estimated Ending Available Fund Balance</b>	<b>\$10,416,280</b>	<b>\$6,701,692</b>	<b>(\$3,714,588)</b>	<b>(36%)</b>

<sup>1</sup> FY 10/11 Operating/Emergency Reserves include cost saving initiatives, comprised of \$1,099,023 in anticipated personnel savings and \$662,275 additional cost savings. While these savings are anticipated, amounts must be appropriated in order to maintain the vacant positions in the Alameda County's budget.

# WATER ENTERPRISE FUND (52)

## Revenue vs Expenses



FISCAL YEAR

Use of Fund Balance Revenue Fund Transfer Out Expenses



**BUDGET WORKSHEET**  
**WATER ENTERPRISE FUND (52)**

Acct #	Account Description	Final Budget 09/10	Proposed Budget 10/11	Change Amount	Oper/Emer Reserves
<b>Revenues &amp; Transfers</b>					
4230	SB 90 Claims	\$0	\$0	\$0	
4310	Interest on Investments	\$515,581	\$400,000	(\$115,581)	
4320	Interest from Other Sources	\$0	\$0	\$0	
4330	Rent of Land and Buildings	\$31,000	\$31,000	\$0	
4510	Treated Water Sales	\$33,646,896	\$37,422,512	\$3,775,616	
4520	Untreated Water Sales	\$736,246	\$731,025	(\$5,221)	
4530	Temporary Water Sales	\$0	\$0	\$0	
4720	Transfers From Other Deposits	\$0	\$0	\$0	
4810	Other Revenues	\$197,000	\$316,000	\$119,000	
	<b>Total Revenues</b>	<b>\$35,126,723</b>	<b>\$38,900,537</b>	<b>\$3,773,814</b>	
	Transfers-in (out)				
	72-542	(\$5,313,429)	(\$5,414,890)	(\$101,461)	
	<b>Total Transfers</b>	<b>(\$5,313,429)</b>	<b>(\$5,414,890)</b>	<b>(\$101,461)</b>	
	<b>Net Revenue Available</b>	<b>\$29,813,294</b>	<b>\$33,485,647</b>	<b>\$3,672,353</b>	
<b>Expenditures, Reserves &amp; Credits</b>					
<b>Labor &amp; Overhead Apportioned</b>					
6110	Direct Labor & Benefits Appor	\$17,896,871	\$18,207,527	\$310,656	\$1,099,023
	<b>Total Personnel</b>	<b>\$17,896,871</b>	<b>\$18,207,527</b>	<b>\$310,656</b>	<b>\$1,099,023</b>
<b>Professional &amp; Technical Svcs</b>					
6210	Professional & Tech Svcs	\$3,144,847	\$3,105,286	(\$39,561)	\$546,396
6230	County Prof & Tech Services	\$269,800	\$86,250	(\$183,550)	
6250	District Prof & Tech Services	\$0	\$0	\$0	
<b>Chemicals</b>					
6310	Chemicals	\$3,818,971	\$3,545,995	(\$272,976)	\$0
<b>Water</b>					
6420	SWP - Variable Costs	\$6,385,668	\$5,343,653	(\$1,042,015)	\$0
6429	Credits for Variable Cost fr Expansi	(\$177,743)	(\$101,283)	\$76,460	
6430	Water Entitlement/Option Purchase	\$461,086	\$829,215	\$368,129	
6460	Water Storage	\$393,250	\$524,950	\$131,700	
6480	Water Other	\$542,650	\$689,162	\$146,512	
6490	Water Rate Designations	\$1,600,000	\$1,600,000	\$0	\$1,600,000
<b>Utilities</b>					
6510	Gas & Electricity	\$2,739,845	\$2,880,463	\$140,618	\$0
6520	Communications	\$171,784	\$135,097	(\$36,687)	
<b>Facilities Services</b>					
6610	Cleaning Services	\$80,446	\$72,074	(\$8,372)	
6610	Other	\$5,000	\$2,500	(\$2,500)	
6612	Garbage Disposal	\$18,350	\$21,578	\$3,228	
6614	Janitorial Service	\$57,096	\$47,996	(\$9,100)	
6620	Maint Svcs & Mat - Equipment	\$2,476,183	\$2,530,699	\$54,516	\$2,419,749
6630	Maint Svcs & Mat - Structs & Imp's	\$5,557,325	\$4,825,469	(\$731,856)	\$2,419,749
6640	Rents & Leases - Equipment	\$2,397,001	\$2,495,069	\$98,068	\$2,419,749
6650	Rents & Leases - Land, Structs	\$32,100	\$34,975	\$2,875	
6670	Other Property Services	\$66,699	\$75,650	\$8,951	
<b>Services and Supplies</b>					
6720	Emergency & Safety	\$102,130	\$72,125	(\$30,005)	
6740	Office Expense	\$616,134	\$602,800	(\$13,334)	
6750	Organization Memberships & Dues	\$379,244	\$427,077	\$47,833	
6760	Other Services & Supplies	\$431,550	\$601,952	\$170,402	
6761	Advertising & Legal Services	\$32,250	\$14,250	(\$18,000)	
6762	Clothing & Personal Supplies	\$34,880	\$23,535	(\$11,345)	
6764	Household Expense	\$7,480	\$8,500	\$1,020	
6765	Laboratory Supplies	\$184,700	\$177,670	(\$7,030)	
6766	Tools & Instruments	\$27,900	\$34,000	\$6,100	
6767	State & Local Fees	\$114,445	\$308,522	\$194,077	
6768	Uniform Service	\$29,895	\$35,475	\$5,580	
6769	Other	\$0	\$0	\$0	
6770	Training	\$334,139	\$291,294	(\$42,845)	
6780	Transportation	\$11,800	\$31,480	\$19,680	
6790	Travel	\$91,800	\$70,884	(\$20,916)	
<b>Equipment</b>					
6810	Equipment & Vehicle Expense	\$209,252	\$254,300	\$45,048	
<b>Other</b>					
6910	Non-Operating Expense	\$212,000	\$264,150	\$52,150	
	<b>Total Discretionary Expenditures</b>	<b>\$32,347,962</b>	<b>\$31,288,786</b>	<b>(\$1,059,175)</b>	<b>\$9,405,643</b>
6241	County Tie-line	\$4,500	\$5,473	\$973	
6242	Maint-Electronic Equip-GSA	\$30,000	\$36,487	\$6,487	
6243	Equip & Vehicle Fuel & Oil-GSA	\$24,392	\$29,667	\$5,275	
6244	Data Processing Services	\$92,054	\$111,960	\$19,906	
6245	Reprographics-AlaCo	\$0	\$14,000	\$14,000	
6246	Risk Management Ins	\$155,165	\$188,718	\$33,553	
	<b>Total Non-Discretionary Expendi</b>	<b>\$306,111</b>	<b>\$386,305</b>	<b>\$80,194</b>	<b>\$0</b>
	<b>Total Services &amp; Supplies</b>	<b>\$32,654,073</b>	<b>\$31,675,091</b>	<b>(\$978,981)</b>	<b>\$9,405,643</b>
6247	County Indirect Costs	\$474,800	\$650,000	\$175,200	
<b>Capital Land, Structures, &amp; Equip</b>					
7510	Capital Structures & Improvmts				
7520	Capital Equipment	\$281,000	\$70,500	(\$210,500)	\$0
	<b>Total Fixed Assets</b>	<b>\$281,000</b>	<b>\$70,500</b>	<b>(\$210,500)</b>	<b>\$0</b>
<b>Intra Fund Transfers</b>					
7610	Credit for Inter-department Charges	(\$5,948,662)	(\$4,381,613)	\$1,567,049	
	<b>Total Expenditures</b>	<b>\$45,358,082</b>	<b>\$46,221,505</b>	<b>\$863,424</b>	<b>\$10,504,666</b>
	% Change Water Enterprise Budget			1.90%	



**RENEWAL & REPLACEMENT  
SYSTEMWIDE IMPROVEMENTS  
PROGRAMS**



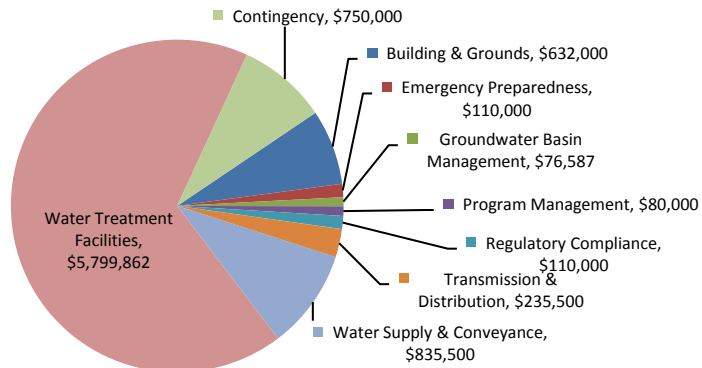
**ZONE 7**  
**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**FISCAL YEAR 2010-11**

**WATER ENTERPRISE CAPITAL IMPROVEMENT PROGRAMS**  
**RENEWAL & REPLACEMENT & SYSTEMWIDE IMPROVEMENTS (FUND72)**

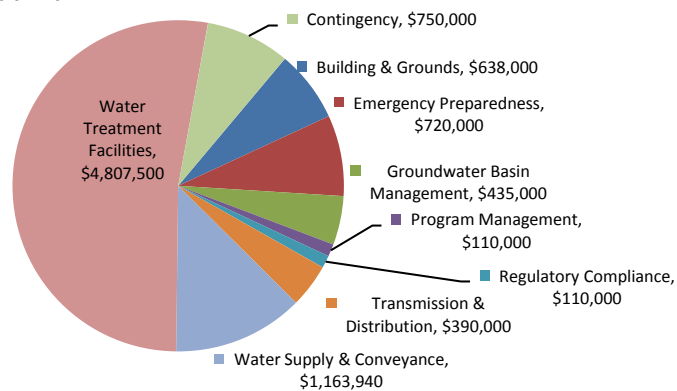
The purpose of these programs is to ensure that the current water treatment and delivery systems are functioning effectively and that capital replacement and improvement needs are funded. The budgets for these programs are funded primarily from the sale of treated and untreated water and Facility Use fees by new users in the Dougherty Valley. There can also be additional revenues from interest earned on any deposited funds.

	FY 2009/10	FY 2010/11	<u>Change Amount</u>	<u>% Change</u>
	<u>Budget</u>	<u>Budget</u>		
R/R Appropriation (Expenses)	\$4,055,500	\$2,900,449	(\$1,155,051)	(28.48%)
SWI Appropriation (Expenses)	\$5,068,940	\$5,729,000	\$660,060	13.02%
<b>Total</b>	<b>\$9,124,440</b>	<b>\$8,629,449</b>	<b>(\$494,991)</b>	<b>(5.42%)</b>

**Renewal/Replacement & Systemwide Improvements Projects**  
**Appropriations of FY 10/11**



**Renewal/Replacement & Systemwide Improvements Projects**  
**Appropriations of FY 09/10**



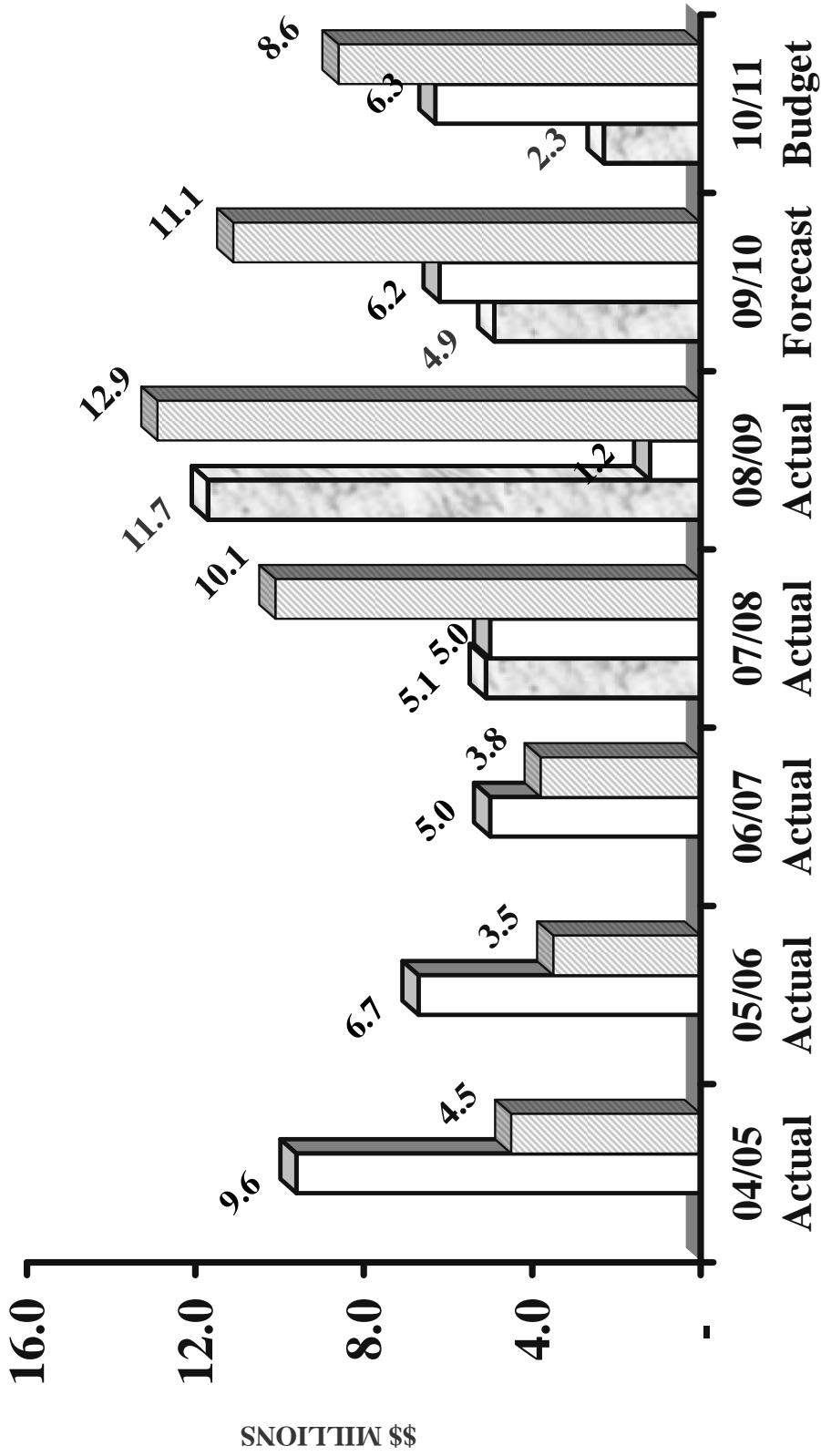


**SUMMARY:REVENUES/EXPENDITURES**  
**WATER ENTERPRISE CAPITAL FUNDS**  
**RENEWAL & REPLACEMENT, SYSTEMWIDE IMPROVEMENTS**  
**PROGRAMS (FUND 72)**

	Fiscal Year 2009/10 Forecast	Fiscal Year 2010/11 Budget	Change	% Change
<b>Beginning Available Fund Balance</b>	\$19,671,247	\$14,760,466		
Adjustments	\$0	\$0		
<b>Net Beginning Available Fund Balance</b>	\$19,671,247	\$14,760,466		
<u>Estimated Revenue</u>				
Interest	\$559,369	\$191,331	(\$368,039)	(66%)
Fund Transfers	\$5,311,680	\$5,414,891	\$103,211	2%
Other	\$2,000	\$2,000	\$0	0%
Facility Use Fees	\$361,620	\$738,000	\$376,380	104%
<b>Total Revenue:</b>	\$6,234,669	\$6,346,222	\$111,553	2%
<u>Estimated Expenditures</u>				
Personnel	\$1,353,542	\$1,438,627	\$85,085	6%
Contracts	\$1,945,463	\$712,150	(\$1,233,313)	(63%)
Construction	\$7,501,774	\$4,248,372	(\$3,253,402)	(43%)
Other	\$344,671	\$1,480,300	\$1,135,629	329%
Contingency	\$11,145,450	\$750,000	\$750,000	0%
<b>Total Expenditures</b>	(\$4,910,781)	\$8,629,449	(\$368,039)	(66%)
Net Revenue over Expenditures		(\$2,283,227)	\$2,627,554	(54%)
<b>Estimated Ending Available Fund Balance</b>	\$14,760,466	\$12,477,239	(\$2,283,227)	(15%)
<u>Reserve Funds</u>				
Building Sinking Fund	\$1,945,101	\$2,313,878	\$368,776	19%
<b>Net Estimated Ending Available Fund Balance</b>	\$12,815,365	\$10,163,361	(\$2,652,004)	(21%)

# CAPITAL IMPROVEMENT/RENEWAL/REPLACEMENT FUND (72)

## Revenue vs Expenses



FISCAL YEAR

□ Use of Fund Balance □ Revenue ▨ Expenses

**EXHIBIT A  
 PROJECT BUDGET REQUEST  
 SYSTEM WIDE IMPROVEMENTS/RENEWAL & REPLACEMENT FUND 72  
 CAPITAL PROJECTS**

Job Number	Project Description/Name	Fund Number	Funding Req. 2010/11
<b>EMERGENCY PREPAREDNESS</b>			
96072	Vulnerability Assessment Review & Update	72	\$110,000
	<b>Emergency Preparedness Subtotal:</b>		<b>\$110,000</b>
<b>GROUNDWATER BASIN MANAGEMENT</b>			
53039	New Groundwater Management Program Monitoring Wells	72	\$76,587
	<b>Groundwater Basin Management Subtotal:</b>		<b>\$76,587</b>
<b>TRANSMISSION AND DISTRIBUTION</b>			
96072	System-Wide Installation of Line Valves	72	\$60,500
96072	Transmission System Master Plan	72	\$75,000
96072	Vasco Pump Station	72	\$100,000
	<b>Transmission And Distribution Subtotal:</b>		<b>\$235,500</b>
<b>WATER SUPPLY &amp; CONVEYANCE</b>			
54511	2010 Water System Planning	72	\$52,500
96072	Enhanced Conservation Program	72	\$400,000
54505	High Efficiency Toilet Rebate Program	72	\$83,000
54504	High-Efficiency Washing Machine Rebate Program	72	\$225,000
54501	Water Conservation Best Management Practices	72	\$75,000
	<b>Water Supply &amp; Conveyance Subtotal:</b>		<b>\$835,500</b>
<b>WATER TREATMENT FACILITIES</b>			
96072	DVWTP & PPWTP Fume Hood Replacement and Construction	72	\$84,000
96072	DVWTP Chemical Systems/Parking Lot Improvements	72	\$487,500
96072	Facilities Security Improvements	72	\$100,000
96072	PPWTP Improvement Studies 2011	72	\$293,300
53090	PPWTP Sewer System	72	\$610,062
53069	Water Quality Management Program	72	\$68,000
	<b>Water Treatment Facilities Subtotal:</b>		<b>\$1,642,862</b>
<b>SYSTEMWIDE IMPROVEMENTS TOTAL</b>			<b>\$2,900,449</b>
<b>BUILDING &amp; GROUNDS</b>			
54053	North Canyons Administrative & Engineering Building Lease	72	\$497,000
96072	Replacement of Roofs at Parkside, Hopyard Well No. 6 and DVWTP Maintenance Shop		\$135,000
	<b>Building &amp; Grounds Subtotal:</b>		<b>\$632,000</b>
<b>PROGRAM MANAGEMENT</b>			
54508	Capital Improvement Program Management	72	\$30,000
54507	System-Wide Improvements and Renewal/Replacement Program Management		\$50,000
	<b>Program Management Subtotal:</b>		<b>\$80,000</b>
<b>REGULATORY COMPLIANCE</b>			
54042	Laboratory Equipment Replacement	72	\$110,000
	<b>Regulatory Compliance Subtotal:</b>		<b>\$110,000</b>
<b>WATER TREATMENT FACILITIES</b>			
54071	Asset Management Program Study Update	72	\$45,000
96072	Dougherty Reservoir Access Road Rehabilitation	72	\$35,000
96072	DVWTP DAF Saturator Tanks Repair	72	\$150,500
54073	DVWTP Filter Valve Replacements (Phase 1 only)	72	\$120,000
53088	DVWTP Improvements Project	72	\$250,000
96072	DVWTP Interior Coating Improvements to the 4.5 MG Steel Clearwell	72	\$1,250,000
96072	Foley Road Realignment	72	\$475,000
96072	Minor Renewal/Replacement Projects	72	\$250,000
54077	PPWTP Electrical System Upgrade	72	\$700,000
96072	PPWTP OSG Conversion	72	\$181,500
54072	PPWTP Rehabilitation of Clarifier and Replacement of Motor	72	\$105,000
54059	PPWTP Ultrafiltration Membrane Replacement	72	\$390,000
54048	SCADA Enhancements	72	\$175,000
96072	Well Pump, Motor and Casing Inspections	72	\$30,000
	<b>Water Treatment Facilities Subtotal:</b>		<b>\$4,157,000</b>
<b>RENEWAL &amp; REPLACEMENTS TOTAL</b>			<b>\$4,979,000</b>
<b>SYSTEMWIDE IMPROVEMENTS/RENEWAL &amp; REPLACEMENT PROJECTS TOTAL</b>			<b>\$7,879,449</b>
<b>CONTINGENCY FUNDS</b>			
96172	Contingency	72	\$750,000
	<b>Contingency Funds Subtotal:</b>		<b>\$750,000</b>
<b>SYSTEMWIDE IMPROVEMENTS/RENEWAL &amp; REPLACEMENTS PROGRAM SUBTOTAL</b>			<b>\$8,629,449</b>
<b>SINKING FUNDS</b>			
96072	Administrative & Engineering Building - Sinking Fund	72	\$368,776
	<b>Sinking Funds Subtotal:</b>		<b>\$368,776</b>
<b>SYSTEMWIDE IMPROVEMENTS/RENEWAL &amp; REPLACEMENTS PROGRAM TOTAL</b>			<b>\$8,998,225</b>

# EXPANSION PROGRAMS



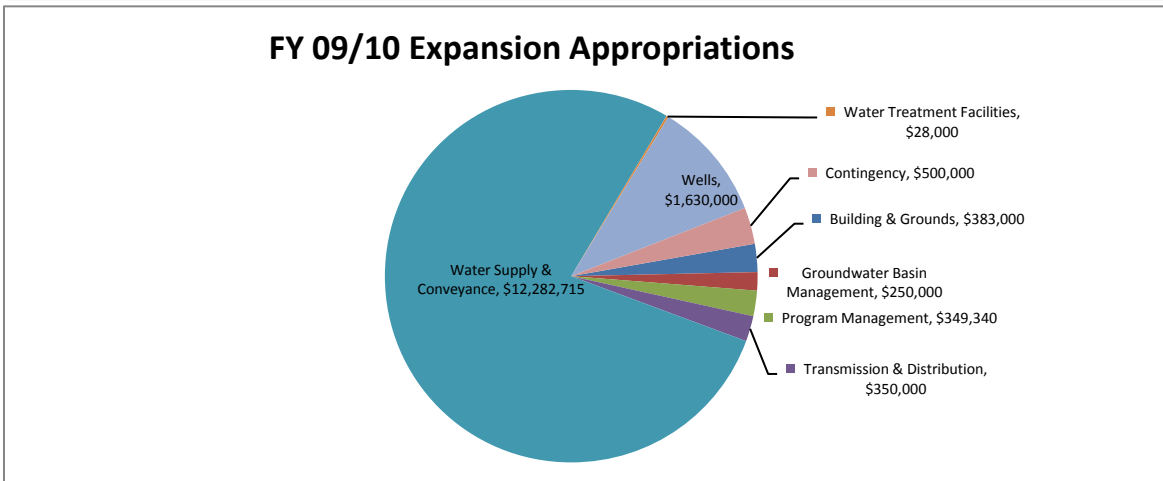
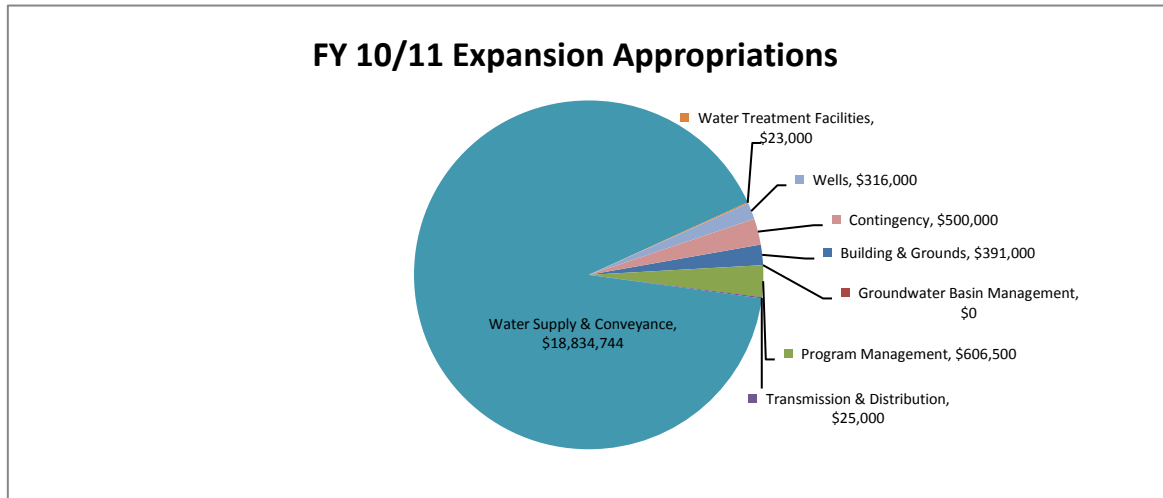
**ZONE 7**  
**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**FISCAL YEAR 2010-11**

**WATER ENTERPRISE CAPITAL IMPROVEMENT PROGRAMS**  
**EXPANSION (FUND 73)**

The purpose of this program is to ensure that Zone 7 is able to meet future needs for water demands. The program is primarily intended to provide funding for new facilities and water supplies for new development and to fund programs that encourage water conservation measures.

The funding for this program comes entirely from connection fees and is in conformance with the Board's stated policy that new development funds its own needs.

	<b>FY 2009/10</b>	<b>FY 2010/11</b>		
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Change Amount</u></b>	<b><u>% Change</u></b>
Appropriation (Expenses)	\$15,773,055	\$20,696,244	\$4,923,189	31.21%



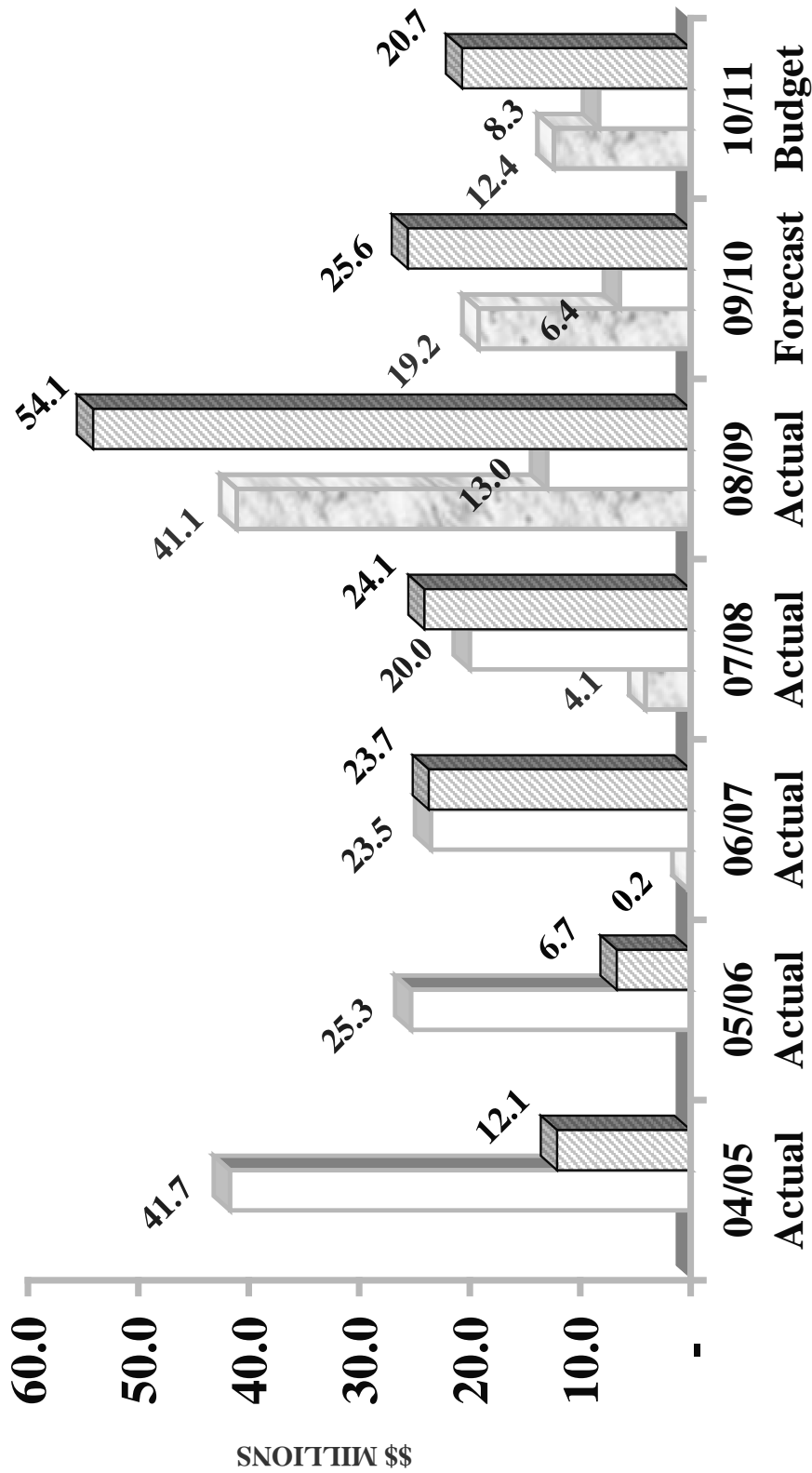
**SUMMARY:REVENUES/EXPENDITURES**  
**WATER ENTERPRISE CAPITAL FUNDS**  
**EXPANSION PROGRAM (FUND 73)**

	Fiscal Year 2009/10 Forecast	Fiscal Year 2010/11 Budget	Change	% Change
<b>Beginning Available Fund Balance</b>	<b>\$38,325,374</b>	<b>\$19,113,600</b>		
Adjustments (Deferred revenue)	(\$8,559,473)	(\$8,559,473)		
<b>Net Beginning Available Fund Balance</b>	<b>\$29,765,901</b>	<b>\$10,554,127</b>		
<u>Estimated Revenue</u>				
Connection Fees	\$5,691,050	\$8,020,827	\$2,329,777	41%
Interest	\$182,722	\$294,246	\$111,524	61%
Fund Transfers	\$0	\$0	\$0	0%
Other	\$546,500	(\$546,500)	(\$546,500)	(100%)
<b>Total Revenue:</b>	<b>\$6,420,272</b>	<b>\$8,315,074</b>	<b>\$1,894,802</b>	<b>30%</b>
<u>Estimated Expenditures</u>				
Personnel	\$2,600,000	\$797,060	(\$1,802,940)	(69%)
Contracts	\$6,767,978	\$304,140	(\$6,463,838)	(96%)
Construction	\$6,995,340	\$970,200	(\$6,025,140)	(86%)
Water Purchases/Costs	\$8,223,146	\$17,212,544	\$8,989,398	109%
Other	\$1,045,581	\$912,300	(\$133,281)	(13%)
Contingency		\$500,000	\$500,000	0%
<b>Total Expenditures</b>	<b>\$25,632,046</b>	<b>\$20,696,244</b>	<b>(\$4,935,802)</b>	<b>(19%)</b>
Net Revenue over Expenditures	(\$19,211,774)	(\$12,381,170)	\$6,830,604	(36%)
<b>Estimated Ending Available Fund Balance</b>	<b>\$10,554,127</b>	<b>(\$1,827,043)</b>	<b>(\$12,381,170)</b>	<b>(117%)</b>
<u>Reserve Funds</u>				
Building Sinking Fund	\$1,322,757	\$1,356,376	\$33,619	3%
Future Contractor's Share Sinking Fund	\$1,037,699	\$1,053,737	\$16,038	2%
South Bay Aqueduct Sinking Fund	\$6,398,562	\$6,528,459	\$129,897	2%
Net Reserves	\$8,759,019	\$8,938,573	\$179,554	2%
<b>Net Estimated Ending Available Fund Balance</b>	<b>\$1,795,108</b>	<b>(\$10,765,616)</b>	<b>(\$12,560,724)</b>	<b>(700%)</b>
Installment Sale Agreement (ISA) Funding	\$30,500,000	\$30,500,000		
<b>Net Estimated Available Fund Balance + ISA Funding</b>	<b>\$32,295,108</b>	<b>\$19,734,384</b>		



# CAPITAL EXPANSION FUND (73)

## Revenue vs Expenses



Revenue
  Expenses

**EXHIBIT B  
 PROJECT BUDGET REQUEST  
 EXPANSION PROJECTS FUND 73**

<b>Job Number</b>	<b>Project Description/Name</b>	<b>Fund Number</b>	<b>Funding Req. 2010/11</b>
<b>BUILDING &amp; GROUNDS</b>			
55048	North Canyons Administrative & Engineering Building Lease	73	\$391,000
	<b>Building &amp; Grounds Subtotal:</b>		<b>\$391,000</b>
<b>PROGRAM MANAGEMENT</b>			
55050	Capital Improvement Program Management	73	\$112,500
55010	Interest on Installment Sale Agreement	73	\$494,000
	<b>Program Management Subtotal:</b>		<b>\$606,500</b>
<b>TRANSMISSION &amp; DISTRIBUTION</b>			
96073	Transmission System Master Plan	73	\$25,000
	<b>Transmission &amp; Distribution Subtotal:</b>		<b>\$25,000</b>
<b>WATER SUPPLY &amp; CONVEYANCE</b>			
55060	2010 Water System Planning	73	\$97,500
55052	Bay-Delta Habitat Conservation Program	73	\$268,044
55106	Cawelo Groundwater Banking Program Debt Service	73	\$1,293,000
57102	Chain of Lakes Facilities and Improvements	73	\$325,000
96073	Cope Lake Facilities and Improvements	73	\$600,000
55043	CUWA Membership	73	\$60,000
55053	Delta Outreach	73	\$35,000
51401	Fixed Cost of Water Entitlement	73	\$99,000
51401	Fourth Contractor's Share of the SBA	73	\$3,100,000
55003	High Efficiency Toilet Rebate Program	73	\$28,000
55303	High-Efficiency Washing Machine Rebate Program	73	\$75,000
96073	Hydrostratigraphic Investigation of Chain of Lakes	73	\$252,200
51410	Semitropic Stored Water Recovery Unit	73	\$48,000
55037	South Bay Improvement and Enlargement Project	73	\$12,463,000
51408	SWP Peaking Payment (Lost Hills & Bellridge Water Districts)	73	\$66,000
55300	Water Conservation Best Management Practices	73	\$25,000
	<b>Water Supply &amp; Conveyance Subtotal:</b>		<b>\$18,834,744</b>
<b>WATER TREATMENT FACILITIES</b>			
96073	Water Quality Management Program	73	\$23,000
	<b>Water Treatment Facilities Subtotal:</b>		<b>\$23,000</b>
<b>WELLS</b>			
96073	Well Master Plan Wells - Future Phases	73	\$316,000
	<b>Wells Subtotal:</b>		<b>\$316,000</b>
	<b>EXPANSION PROJECTS TOTAL</b>		<b>\$20,196,244</b>
<b>CONTINGENCY FUNDS</b>			
96173	Contingency Funds	73	\$500,000
	<b>Contingency Funds Subtotal:</b>		<b>\$500,000</b>
	<b>EXPANSION PROGRAM SUBTOTAL</b>		<b>\$20,696,244</b>
<b>SINKING FUNDS</b>			
96073	Administrative & Engineering Building - Sinking Fund	73	\$33,619
96073	Fourth Contractor's Share of the SBA - Sinking Fund	73	\$16,038
96073	South Bay Aqueduct Improvement & Enlargement - Sinking Fund	73	\$129,897
	<b>Sinking Funds Subtotal:</b>		<b>\$179,554</b>
	<b>EXPANSION PROGRAM TOTAL</b>		<b>\$20,875,798</b>

# FLOOD PROTECTION AND STORMWATER DRAINAGE PROGRAMS



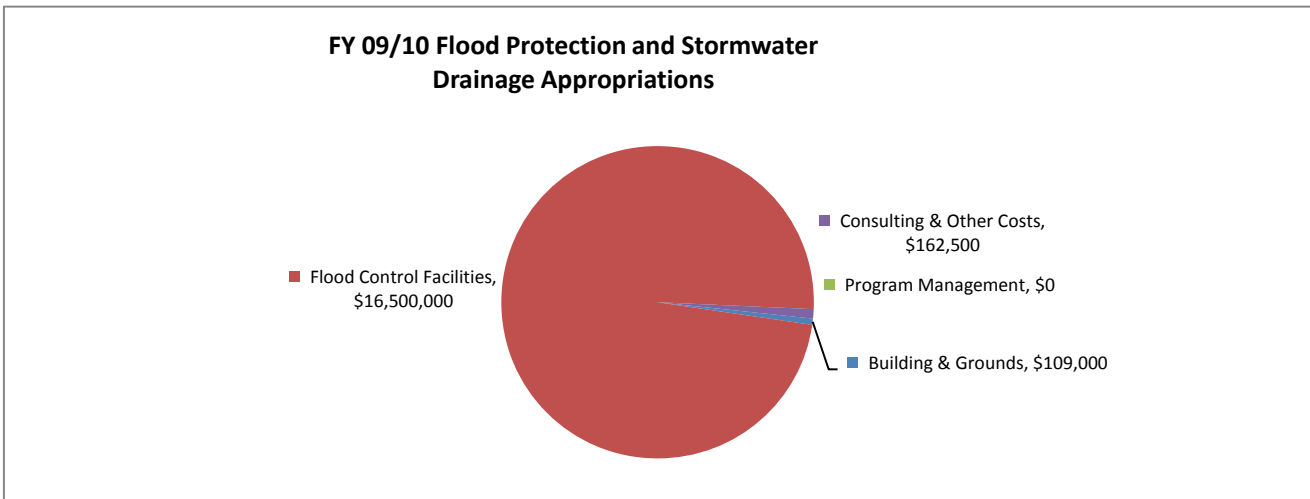
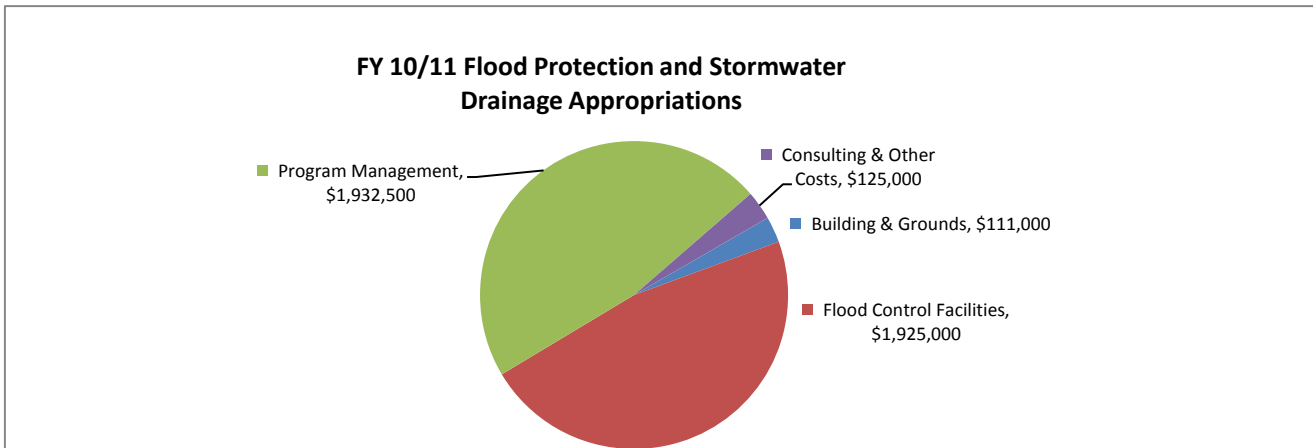
**ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
FISCAL YEAR 2010-11**

**FLOOD PROTECTION AND STORM WATER DRAINAGE  
DEVELOPMENT IMPACT FEE FUND  
FUND 76**

On March 18, 2009, the Zone 7 Board of Directors adopted Ordinance 2009-01, which replaced the Special Drainage Area (SDA) 7-1 development impact fee previously adopted by Zone 7. The new ordinance also established the Flood Protection and Storm Water Drainage Development Impact Fee Fund (Fund 76); consequently, all funds from SDA Operations (Fund 71) and the SDA 7-1 Trust Fund (Fund 90) were transferred to Fund 76, while all of the outstanding SDA 7-1 exemption credits were liquidated.

The purpose of this program is to ensure that Zone 7 is able to meet future needs for flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. The funding for this program comes entirely from new development fees. Funds are expended on the planning, design, lands and R/W acquisition, environmental review, permitting, construction, etc for drainage projects.

	<b>FY 2009/10 Budget</b>	<b>FY 2010/11 Budget</b>	<b>Change Amount</b>	<b>% Change</b>
Appropriation (Expenses)	\$16,771,500	\$4,093,500	(\$12,678,000)	(75.59%)

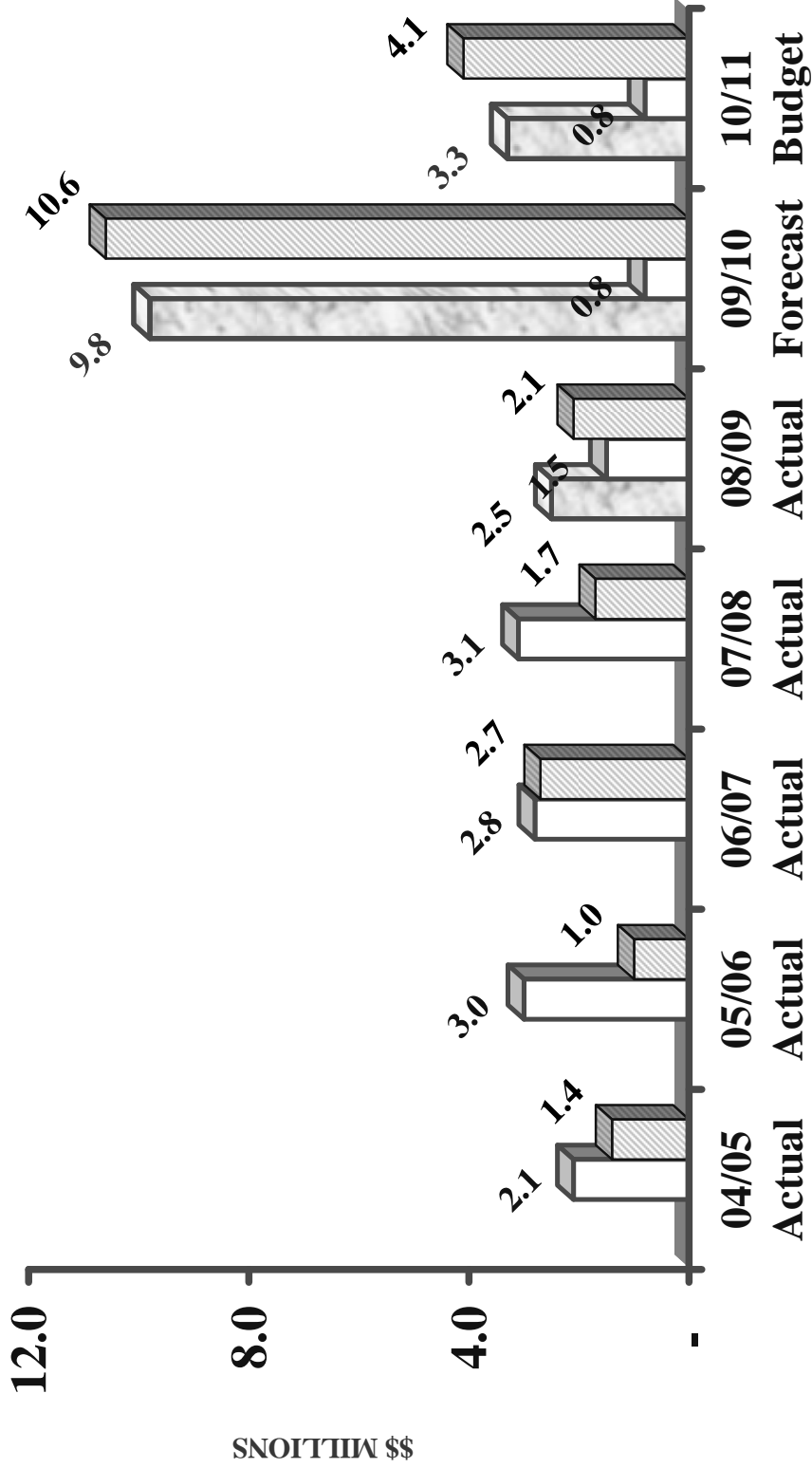


**SUMMARY: REVENUES/EXPENDITURES**  
**FLOOD PROTECTION &**  
**STORMWATER DRAINAGE FUND**  
**(FUND 76)**

	Fiscal Year 2009/10 Forecast	Fiscal Year 2010/11 Budget	Change	% Change
<b>Beginning Available Fund Balance</b>	\$33,220,382	\$23,415,736		
Adjustments	\$0	\$0		
<b>Net Beginning Available Fund Balance</b>	<b>\$33,220,382</b>	<b>\$23,415,736</b>		
<u>Estimated Revenue</u>				
Interest	\$332,238	\$325,279	(\$6,960)	(2%)
Fld Protect/Storm Drainage Fees	\$450,000	\$500,000	\$50,000	11%
Other	\$0	\$0	\$0	0%
<b>Total Revenue:</b>	<b>\$782,238</b>	<b>\$825,279</b>	<b>\$43,041</b>	<b>6%</b>
<u>Estimated Expenditures</u>				
Personnel	\$300,000	\$562,500	\$262,500	88%
Contracts	\$177,884	\$3,117,116	\$3,117,116	1,752%
Construction	\$10,000,000	(\$10,000,000)	(\$10,000,000)	(100%)
Other	\$109,000	\$236,000	\$127,000	117%
<b>Total Expenditures</b>	<b>\$10,586,884</b>	<b>\$4,093,500</b>	<b>(\$6,493,384)</b>	<b>(61%)</b>
Net Revenue over Expenditures	(\$9,804,646)	(\$3,268,221)	\$6,536,425	(67%)
<b>Estimated Ending Available Fund Balance</b>	<b>\$23,415,736</b>	<b>\$20,147,515</b>	<b>(\$3,268,221)</b>	<b>(14%)</b>
<u>Reserve Funds</u>				
Building Sinking Fund	\$505,387	\$587,338	\$81,950	16%
<b>Net Estimated Ending Available Fund Balance</b>	<b>\$22,910,349</b>	<b>\$19,560,177</b>	<b>(\$3,350,172)</b>	<b>(15%)</b>

# FLOOD PROTECTION & STORMWATER DRAINAGE FUND (76)

## Revenue vs Expenses



FISCAL YEAR

Use of Fund Balance    Revenue    Expenses



**EXHIBIT C  
 BUDGET REQUEST  
 Flood Protection/Stormwater Drainage Fund 76**

<b>Job Number</b>	<b>Project Description/Name</b>	<b>Fund Number</b>	<b>Funding Req. 2010/11</b>
<b>BUILDING &amp; GROUNDS</b>			
61154	North Canyons Administrative & Engineering Building Lease	76	\$111,000
	<b>Building &amp; Grounds Subtotal:</b>		<b>\$111,000</b>
<b>FLOOD CONTROL FACILITIES</b>			
96076	Arroyo de la Laguna Improvements	76	\$1,325,000
96076	Channel Restoration (R1-7 & R8-3)	76	\$412,500
61557	Flows Studies – Steelhead Restoration	76	\$25,000
96076	Stream Gaging/Sediment	76	\$162,500
	<b>Flood Control Facilities Subtotal:</b>		<b>\$1,925,000</b>
<b>PROGRAM MANAGEMENT</b>			
61156	Capital Improvement Program Management	76	\$7,500
96076	Development Impact Fee Program Update	76	\$1,475,000
61000	Flood Protection General Administration	76	\$100,000
61145	SMMP/STREAMWISE	76	\$350,000
	<b>Program Management Subtotal:</b>		<b>\$1,932,500</b>
<b>CONSULTING &amp; OTHER COSTS</b>			
	Consulting & Other Costs	76	\$125,000
	<b>Consulting &amp; Other Costs Subtotal:</b>		<b>\$125,000</b>
	<b>Flood Protection/Stormwater Drainage SUBTOTAL:</b>		<b>\$4,093,500</b>
<b>SINKING FUNDS</b>			
96076	Administrative & Engineering Building - Sinking Fund	76	\$81,950
	<b>Sinking Fund Subtotal:</b>		<b>\$81,950</b>
	<b>Flood Protection/Stormwater Drainage TOTAL</b>		<b>\$4,175,450</b>

**ACTIVITY  
INDICATORS/ACCOMPLISHMENTS**



## MISSION STATEMENT

To provide a reliable supply of high quality water and an effective flood control system to the Livermore-Amador Valley and to develop and manage the water resources in a fiscally responsible, innovative, proactive and environmentally sensitive way.

## MANDATED SERVICES

Provide treated and untreated water for municipal, industrial and agricultural uses, and develop and maintain adequate facilities to prevent property loss and damage from flood in the Livermore-Amador Valley area.

## DISCRETIONARY SERVICES

The level of service is discretionary and determined by the Zone 7 Board of Directors.

## MAJOR SERVICE AREAS

	2008-09 Estimated	2008-09 Actual	2009-10 Estimated	2010-11 Projected
<b>ADMINISTRATIVE SERVICES</b>				
Personal Expense Claims Processed	110	155	120	145
Contracts	130	89	125	100
Average Monthly Water Billings	25	21	25	23
IT Help tickets	180	120	180	180
Water Awareness/Conservation Events	50	50	50	50
Water Conservation Rebates	2,500	3,370	3,000	3,824
School Programs	125	163	225	225
Vehicles Maintained	38	38	42	41

**Agency Administration and Administrative Services** provides executive direction and administrative and business services to the Agency's water enterprise and flood control programs. Administrative Services includes accounting and payroll; budget preparation and monitoring; purchasing services; real property services, information technology coordination, including Geographical information systems; and vehicle fleet purchase and maintenance. The Office of the General Manager coordinates legislative relations activities, and implements water conservation and public outreach programs.

	2008-09 Estimated	2008-09 Actual	2009-10 Estimated	2010-11 Projected
<b>HR AND SAFETY SERVICES</b>				
Training Classes Attended	475	623	400	600
CPR, First Aid, and BBP Training (hrs)	400	302	316	350
General Safety Training (hrs)	650	501	355	450
Hazard Comm/HAZWOP Training (hrs)	650	450	497	500

**Human Resources and Safety Services** provides safety and human resources administration, health and safety training support to agency employees, and process safety review of active capital projects. Monitors, provides notification and training to Zone 7 Water Agencies, managers and staff of current regulatory requirements and pending legislative changes.

	2008-09 Estimated	2008-09 Actual	2009-10 Estimated	2010-11 Projected
<b>FLOOD CONTROL</b>				
Channels Maintained (miles)	37	37	37	37
Encroachment Permits Issued	22	30	33	36
Development Reviews	55	47	40	44
Active DIF Projects	3	3	3	3

**Flood Control** manages a watershed of nearly 620 square miles and maintains 37 miles of flood control channels and access roads. The maintenance program includes repairing slides, erosion, refurbishing access roads and drainage ditches, and coordinating with State and federal agencies for Financial assistance. It also manages the Development Impact Fee Program which provides funding from new development for planning, design and construction of new flood control projects.

	2008-09 Estimated	2008-09 Actual	2009-10 Estimated	2010-11 Projected
<b>WATER SUPPLY ENGINEERING</b>				
New Water Connections	603	539	550	600
Capital Projects (\$M)	\$91	\$67	\$37	\$30
Development Reviews	80	47	40	44
Encroachment Permits	3	7	5	7
Groundwater Level Measurements *	875	870	890	890
External CEQA Reviews	25	13	15	15
CEQA Documentation for Zone 7 Projects	10	17	20	25
Well Permits issued	185	137	115	120
Groundwater Samples**	175	159	170	170
Treated Water Contractors	10	10	10	10
Untreated Contractors Monitored	74	74	74	74
Main Basin artificial recharge (Acre-Feet)	4,000	3,000	3,000	3,000
Water from Banking programs (Acre Feet)	7,000	7,000	4,000	3,000
Energy used ( Mega Watt Hours)	8,400	8,400	8,600	8,800
Green House Gas emissions (Metric tons)	2,200	2,400	2,600	2,800

**Water Supply Engineering** provides planning, design, and project management for capital projects; protection and management of local groundwater resources; and various engineering support services. Engineering services include: project planning, facility design, construction and construction management for major capital projects; regulatory oversight and permitting of all wells and borings within the service area; support to Zone 7 operations for regulatory compliance; collection and analysis of groundwater data for basin management purposes. It also provides analysis and operations of agency water supplies and storage to maintain a sustainable supply of water; management of Arroyo Valle Water Rights and out of basin water storage; monitoring and management of agency energy use and carbon footprint; operates climatological, surface water and mining area monitoring programs; and maintains agency historic water use databases.

\*Water year (Oct through Sept)

\*\*Collected and reviewed

	2008-09 Estimated	2008-09 Actual	2009-10 Estimated	2010-11 Projected
<b>WATER QUALITY LAB</b>				
Samples Analyzed	1,650	1,625	1,400	1,500
Bacteriology Samples Analyzed	1,300	1,125	1,200	1,250

**Water Quality Section** provides engineering technical support and laboratory analytical services for regulatory compliance and permitting; treatment plant performance verification; groundwater analysis; and special operation/engineering studies. It also provides technical support to Operations and Retail customers to resolve/understand water quality issues.

	2008-09 Estimated	2008-09 Actual	2009-10 Estimated	2010-11 Projected
<b>WATER OPERATIONS</b>				
Well Water Treated (M/gals)	1,680	2,839	3,600	3,600
Surface Water Treated (M/gals)	13,380	12,417	10,600	11,500
Maintenance Jobs Completed	1,500	1,475	1,550	1,600

**Water Operations** operates and maintains three water treatment plants, nine wells, one demineralization facility and the water enterprise distribution system; schedules all of the agency's water deliveries; and operates the main basin artificial groundwater recharge program. Ensures proper operation of facilities and treatment and distribution of water. Provides maintenance and construction services for the entire system including mechanical and electrical services and underground pipeline repair and maintenance.

Major accomplishments for FY 2009-10:

Completed the 5.1-mile long, 42-inch, Altamont Pipeline - Livermore Reach. This major pipeline is the first part of a major pipeline connecting Zone 7's existing Water System to the future water treatment plant. This pipeline also increases overall system reliability and provides additional operational flexibility.

Completed the 6 Millions Gallon per Day (MGD) Mocho Groundwater Demineralization Plant. This new state-of-the-art reverse-osmosis plant removes hardness from the four wells in the Mocho Wellfield, helping to both improve the delivered water quality to our customers and also meet the goals of our Salt Management Program. Also, included in this work is the inauguration of the electronic logbook. Developed by Zone 7 in partnership with Carollo, this logbook adds increased functionality and ease of use for operators.

Completed Chain of Lakes Wells 1 and 2, with a combined capacity of approximately 8.5 MGD. Also constructed was over 4,000 feet of 36-inch pipeline (El Charro Pipeline) that connects with the existing Water System.

In coordination with our Retailers, began a comprehensive update of Zone 7's Asset Management Program.

Continued coordination with City of Livermore on the proposed El Charro Specific Plan where there presents an opportunity to have a portion of Project 5-3 as identified in the Stream Management Master Plan constructed under the proposed development at El Charro.

Completed 15 bank repairs totalling approximately 400 linear feet, implemented 20 road and drainage improvement projects totalling approximately 15,000 linear feet, and constructed 8 miscellaneous projects (concrete structure repairs, etc.) totalling approximately 2,400 linear feet.

Coordinated with U.S. Army Corps of Engineers on 4 major bank repairs totalling approximately 400 linear feet. Installed 730 Platepiles in stabilizing a reach of a 1,000 linear feet of Arroyo Mocho embankment.

Completed a major repair to the Hopyard Pipeline, located on Hopyard road in Pleasanton next to the Parkside office. The leak repair involved our in house staff and contractors and was in a challenging location and deep.

Completed the installation of a new ammonia feed system at the Patterson Pass Water Treatment Plant (PPWTP). Engineering prepared the design and interfaced with the Alameda County Hazardous Materials officer.

Currently in the process to repair damage to PPWTP electrical wiring. The wire was damaged by rodents who found their way into a main underground wire routing vault.

Determined that hiring of in house labor for several trades was more cost effective than using contract personnel. Progress is being made on the recruitment for these positions.

Repaired motor at Mocho 2. Motor was damaged due to moisture getting into an electrical connection.

Last of the accumulated sludge pile at Del Valle Water Treatment Plant (DVWTP) is being removed. At start of new fiscal year all sludge dating back to construction of DVWTP will be removed.

Replaced the older (made of cross-linked polyethylene) sodium hypochlorite tanks at both DVWTP and PPWTP with new fiber-reinforced plastic (FRP) tanks.

Replaced one older cross-linked polyethylene tank storing ferric chloride for PPWTP Ultra-Filtration (UF), with two new FRP tanks.

Completed the DVWTP Electrical Power Systems Upgrade Project, which replaced the old switchboard, motor control center, and ancillary equipment, all installed in 1975, with new replacement equipment.

Negotiated Encroachment Permit requirements for a local developer that will result in a major improvement of Zone 7's access along our Lake I.

Increased the number of permit compliance inspections conducted for Zone 7's Well Permit Program to reduce the risk of wells becoming conduits for contamination migration.

Developed a soils testing program, including acceptance criteria, that has allowed Flood Control to economically dispose of uncontaminated channel repair spoils at the Chain of Lakes without risking groundwater quality degradation.



# DIVISION SUMMARIES





## ADMINISTRATIVE SERVICES

### Description of Services:

Administration and Administrative Services are responsible for providing the business, human resources, real property, safety, public outreach, legislative relations services, information technology and fleet and supply services for the Agency. This is accomplished through the efforts of six groups.

Office of the General Manager: provides public outreach, including schools, and legislative relations services. This group includes Zone 7's water conservation programs that are planned and implemented in partnership with Valley water retailers. Finally, this group also provides information to the general public about the Agency's financial performance.

Human Resources & Safety Department: provides recruitment and selection; classification and compensation; labor relations and contract negotiations; employee relations and counseling; employee benefits coordination; workers' compensation; Equal Employment Opportunity services; develops and provides employee health and safety programs; conducts technical safety reviews on Agency capital projects; monitors health, safety, and regulatory compliance; and provides Agency training for the areas listed above.

Accounting Section: provides governmental and enterprise accounting; accounts payable; billing for services and receivables; contract monitoring; payroll; Agency-wide internal controls; and financial reporting.

Financial and Systems Services Section: provides financial forecasting and analysis; budget development, monitoring and control; purchasing services; information technology/GIS services; and risk management liaison.

Supply and Transportation: manages the agency's vehicle fleet including purchase and replacement of vehicles; vehicle safety maintenance and repairs; salvage of equipment and vehicles; inventory, acquisition and distribution of office supplies; building and grounds maintenance.

Real Property Services: manages and coordinates the Agency's real property activities, including consultation in support of capital projects, negotiations and appraisals of property and rights-of-way, acquisition, disposition, and property management.

### Mission:

To provide effective and responsible business services in the areas of finance, accounting, human resources, training, health, safety and security, procurement, information technology, real property services and vehicle fleet maintenance/supplies in support of the Agency's activities.

### 2010-11 Goals and Objectives:

Provide accounting and financial support services efficiently and effectively:

- Review and update written procedures for section functions.
- Perform phase 2 upgrade of cost control system for tracking labor costs by project/activity.

Enhance purchasing and information system support services:

- Review and update information technology policies and procedures.
- Develop an on-line vendor registration database.

Ensure availability of staff recruitment resources:

- Develop an improved system for proactive management and planning of human resources that will allow the agency and its employees to be better prepared to meet the agency's future requirements in ensuring effective delivery of services to the public.

Conduct safety planning and training to ensure health and safety of employees:

- Facilitate safety improvements throughout the agency while ensuring compliance with the California Regulatory and Prevention Programs.

Provide Real Property Services effectively and efficiently:

- Document procedures and update Real property guidelines.
- Cross train additional staff to manage real property.

Enhance the public transparency of agency activities, and advocate for legislation that supports the agency’s ability to meet its flood protection, water supply and quality mission.

- Secure state funding in support of flood protection, water supply and water quality planning and projects.
- Continue to develop institutional infrastructure to manage and streamline agency communications.
- Enhance public understanding about source water supply and water quality, and financing their ongoing operation and improvements.

#### OPERATING BUDGET SUMMARY

Category	2009-2010 Budget	2010-2011 Proposed	Difference
Personnel	\$5,179,521	\$5,062,120	(\$117,401)
Operating	\$6,342,147	\$6,009,670	(\$332,478)
Equipment	\$55,000	\$27,500	(\$27,500)
<b>Total</b>	<b>\$11,576,668</b>	<b>\$11,099,289</b>	<b>(\$477,379)</b>

Summary of Increases/Decreases:

- Personnel: Decrease represents anticipated soft hiring freeze for FY 2010-11 with an offset of an additional water conservation coordinator position.
- Operating: Decrease represents cost savings efforts in services and supplies.
- Equipment: Equipment decrease represents anticipated equipment.

#### STAFFING SUMMARY

	2009-2010 Budget	2010-2011 Proposed	
FTE*	34	35	1

\*Full Time Equivalent Positions

Summary of Staffing Changes: The increase in personnel represents the addition of a Water Conservation Coordinator. Soft hiring freeze vacancies are included in the FTE count.

# ENGINEERING

## Description of Services:

Engineering is responsible for the planning, design, implementation, and construction of capital improvements that support flood control and the water utility. Engineering is responsible for managing the flood protection system, managing groundwater supply, protecting groundwater, and ensuring environmental compliance. Engineering is also responsible for monitoring and administering deliveries to untreated water customers, assuring drinking water regulatory compliance, and managing water supply sources. In addition, Engineering provides Water Quality support services related to treatment plant process optimization and regulatory compliance, including the Safe Drinking Water Act.

Water Supply Engineering (WSE): plans, designs and constructs major water supply, conveyance, production, and delivery facilities for expansion, system-wide improvements and renewal/ replacement programs. WSE also manages the agency's Capital Improvement and Asset Management Programs and provides long term and operational water supply planning.

Environmental Services (ES): provides environmental planning and regulatory compliance services in support of water supply, water quality, and flood protection operations, including maintenance, planning and capital projects. ES also supports Bay Area and statewide partnerships that encourage water supply, water quality management, and flood protection planning. ES also has responsibility for updates to the agency's Hazardous Materials Business Plans and Risk Management Plans.

Flood Control (FC): Of the 620 square miles of the Alameda Creek watershed, Zone 7 provides regional flood protection management services to approximately 425 square miles located in the upper watershed areas. Management activities include implementing the Development Impact Fee (DIF) program, and maintenance and land rights administration of approximately 37 miles of flood control channels and access roads which Zone 7 currently owns; the purpose of the DIF program is to plan, design, and construct new flood control projects to address future development's impact on the FC system.

Groundwater (GPP): develops and manages Zone 7's groundwater protection programs and investigations. Groundwater also manages the planning and conceptual design of groundwater recharge and pumping facilities, along with the final design and construction of small facilities related to the groundwater programs. Provides well inspection services and field measurements of groundwater and surface water resources.

Water Quality (WQ): provides water quality engineering technical support and laboratory analytical services for regulatory compliance and permitting, treatment plant performance verification, groundwater analysis, support for treatment improvement or expansion projects, and special operation/engineering studies. WQ also provides technical support to Operations and to water retail customers to resolve or understand water quality issues, as well as providing analytical support services to our retailers.

## Mission:

To provide the professional and technical support necessary to: support operations and maintenance of the Agency's water enterprise program; manage and implement the planning, design and construction of major capital facilities; and to manage its flood protection and groundwater protection resources.

## 2010-11 Goals and Objectives:

Provide regional flood protection facilities designed for a 100-year storm event:

- Finalize an implementation plan that will provide the basis for a new comprehensive maintenance and capital improvement programs (both 5 and 10 year) and continue to manage a comprehensive maintenance program for the flood protection system that will provide and maintain flood protection facilities designed for a 100-year storm event.
- Continue to monitor land use activities to ensure that new urban development adequately addresses potential impacts caused by increased runoff and pursue grant funding opportunities for the flood protection program.

Protect and manage the groundwater basin:

- Continue implementation and improvement of the groundwater management program to protect groundwater quality and storage and optimize the use of the groundwater basin while minimizing the impacts, including any future salt degradation of the groundwater resources.
- Prepare annual report of the Groundwater Management Program (including salt management component) for distribution to interested agencies, including the Regional Water Quality Control Board (RWQCB).

Reliably provide high quality water:

- Continue providing water supply that meets all CDPH and EPA health-related standards.
- Coordinate ongoing implementation of various capital improvement projects and activities called out by Zone 7's Water Quality Policy Goals and its Water Quality Management Program, which set forth water targets that are more stringent than regulated standards and for a few aesthetic-related parameters such as hardness, taste and odor.

- Continue to work with retailers in preparing the 2010 biennial update of the Water Quality Management Program Implementation Plan considering Policy Principles outlined in the Joint Water Quality Resolution with City of Pleasanton and DSRSD and to complete Water System Master Plan and 2010 Urban Water Management Plan.

Plan, design and construct major water supply, production and delivery facilities:

- Continue to provide support to DWR for construction of South Bay Aqueduct Improvement and Enlargement Project.
- Investigate feasibility of future Chain of Lakes C and D to be reclaimed and developed as groundwater replenishment facilities at the conclusion of aggregate mining.

Manage Agency's water supply sources:

- To provide maximum reliability for current year and beyond while meeting current water demands.
- Maximize use of surface water sources and maintain local groundwater basin near the top of its working storage capacity and continue to develop Arroyo del Valle water rights.

Continue to manage facilities and protect Zone 7 interests in the Chain of Lakes. Coordinate activities with quarry operators and other regional projects (eg. BART, Hwy 84).

Continue participation in the BDCP to develop and work towards implementation of a long term fix to the Sacramento - San Joaquin delta.

Ensure that all agency activities comply with applicable environmental laws and regulations, while supporting the agency's ability to meet its flood control, water supply, and water quality mission.

In conjunction with Safety and Operations staff, provide updates for and ensure compliance with Hazardous Materials Business Plans and Risk Management Plans.

#### OPERATING BUDGET SUMMARY

Category	2009-2010 Budget	2010-2011 Proposed	Difference
Personnel	\$6,390,638	\$6,557,625	\$166,987
Operating	\$5,168,154	\$4,966,903	(\$201,251)
Equipment	\$18,500	\$18,500	\$0
Total	\$11,577,292	\$11,543,028	(\$34,265)

#### Summary of Increases/Decreases:

Personnel: Anticipated salary and benefit increases for fiscal year 2010-11, and normal step progression.

Operating: Decrease represents professional and technical services.

Equipment: No changes are recommended for FY 2010-11.

#### STAFFING SUMMARY

	2009-2010 Budget	2010-2011 Proposed	
FTE*	40	43	3

\*Full Time Equivalent Positions

Summary of Staffing Changes: The increase in personnel represents the transfer of 3 FTE, Principal Engineer, Associate Engineer and Water Resources Technician from Water Resources.

## OPERATIONS

### Description of Services:

Operations Division manages and maintains the Agency's water production, treatment and delivery facilities to supply municipal and industrial customers.

Operations: operates three surface water treatment plants (Del Valle conventional WTP, Patterson Pass conventional WTP, and Patterson Pass ultra filtration WTP), nine wells, a groundwater demineralization plant, the transmission system for the water enterprise, and numerous metered turnout facilities to the retail water agencies to ensure proper operation of facilities and treatment and delivery of water.

Maintenance: provides maintenance and construction services for the entire treated water system (e.g., water treatment plants, wells, demineralization plant, and pump stations) including mechanical, electrical and instrumentation services; and performs underground pipeline repair and maintenance.

Engineering Support: coordinates scheduling of capital projects (including replacement & repair project) with operations and maintenance activities; and provides technical support (e.g., hydraulic analysis, cathodic protection, interface with cities and retailers) on transmission system.

### Mission:

To produce and deliver high quality water to the Livermore-Amador Valley community in a reliable, cost effective and environmentally responsible manner.

### 2010-2011 Goals and Objectives:

Meet service and quality requirements of the Agency's customers:

- Deliver water to treated and untreated customers according to approved water delivery requests.
- Meet and/or exceed all drinking water requirements through diligent operation of the Agency's three water treatment plants, nine wells, demineralization plant, and transmission system.

Maximize use of staff and facilities:

- Maintain a knowledgeable, trained staff through the development of an organized training program through the annual Operations Plan developed for the water treatment plants and distribution facilities.
- Maintain Agency's water production, treatment and transmission facilities with a minimum of service disruption.
- Optimize and maintain our remote control and monitoring system with in-house staff and reduce the need for outside contract services.
- Maintain equipment and instrumentation under a planned program to prevent catastrophic failure.

Ensure staff is trained in use and maximization of new technology:

- Continue break-in period of the Mocho Demineralization facility, and train staff to optimally operate the demineralization plant.
- Continue break-in period of two new wells (Chain-of-Lake wells).
- Monitor and refine operations of major new transmission pipelines (Altamont Pipeline and El Charro Pipeline) and appurtenant facilities.
- Provide training on upgraded data radio communication system and the new Wonderware SCADA software upgrade.
- Continue to optimize the processes at all facilities at all times.

#### OPERATING BUDGET SUMMARY

Category	2009-2010 Budget	2010-2011 Proposed	Difference
Personnel	\$6,300,751	\$6,600,820	\$300,069
Operating	\$13,105,250	\$12,016,659	(\$1,088,591)
Equipment	\$151,000	\$43,000	(\$108,000)
<b>Total</b>	<b>\$19,557,001</b>	<b>\$18,660,479</b>	<b>(\$896,522)</b>

Summary of Increases/Decreases:

- Personnel: Anticipated salary and benefit increases for fiscal year 2010-11, and normal step progression.
- Operating: Decrease represents primarily the shift of contracted maintenance contracted services to in-house staff.
- Equipment: Decrease represents anticipated maintenance equipment.

#### STAFFING SUMMARY

	2009-2010 Budget	2010-2011 Proposed	
FTE*	43	45	2

\*Full Time Equivalent Positions

Summary of Staffing Changes: The increase in personnel represents the transfer of Water Resources section staff (three FTEs) to Engineering and Administrative Services and the addition of five FTEs; two Instrument Technicians, one Electrician, and two Construction Maintenance Laborers.

# FUND SUMMARY









## POSITION CHANGE DETAIL







# CAPITAL EQUIPMENT SUMMARY





**Capital Equipment Summary  
2010/2011**

<b>Item #</b>	<b>Account # 7520 Description</b>	<b>Water Enterprise Fund 52</b>	<b>General Fund 50</b>	<b>SDA Fund 71</b>	<b>Cap IR&amp;R Fund 72</b>	<b>Cap Exp Fund73</b>
1	FCADM: Miscellaneous equipment as needed.		18,500			
<i>Subtotal</i>	<i>General Fund</i>		<i>18,500</i>			
1	ADM: As Required	5,000				
2	ADM: As Required (BKM)	5,000				
<i>Subtotal</i>	<i>Administration</i>	<i>10,000</i>				
1	ASD: Acctg IT Systems	17,500				
<i>Subtotal</i>	<i>Administrative Services Division</i>	<i>17,500</i>				
1	MNT: Compressor, jack hammer, Whacker, bits	12,000				
2	MNT: Lathe 60" c/w ways	15,000				
3	OPS: Spin Dr, Mobile valve actuator for valve maintena	16,000				
<i>Subtotal</i>	<i>Operations/Maintenance</i>	<i>43,000</i>				
<b>Total:</b>		<b>70,500</b>	<b>18,500</b>	<b>0</b>	<b>0</b>	<b>0</b>



# BUDGET DETAIL BY SECTION



**General Fund/Flood Control**  
**Section Budget Request Detail**  
 Budget Center

	General Fund FC Budget	Op/Emer Reserves	Estimated Funds Avail	General Fund Central	Flood Control FC	Total Section Budget Request
<b>6100</b>						
<b>Labor &amp; Overhead Apportioned</b>						
6110 Direct Labor & Benefits Appor	\$1,287,480	\$175,419	\$1,112,061		\$1,112,061	\$1,112,061
<b>6200</b>						
<b>Professional &amp; Technical Svcs</b>						
6210 Professional & Tech Svcs	\$6,608,613	4,995,613	\$1,613,000	\$188,000	\$1,425,000	\$1,613,000
6230 County Prof & Tech Services	\$35,000		\$35,000	\$35,000		\$35,000
6240 County Other Services (Restricted)						
6247 County Indirect Costs						
6250 District Prof & Tech Services						
6280 Dist Labor/Indirect - Misc						
<b>6300</b>						
<b>Chemicals</b>						
6310 Chemicals						
<b>6400</b>						
<b>Water</b>						
6420 SWP - Variable Costs						
6430 Water Entitlement/Option Purchases						
6450 Water Conveyance/Wheeling Costs						
6460 Water Storage						
6470 Water Recycled						
6480 Water Other						
6490 Water Rate Stabilization Acct						
<b>6500</b>						
<b>Utilities</b>						
6510 Gas & Electricity						
6520 Communications	\$4,750		\$4,750	\$1,000	\$3,750	\$4,750
<b>6600</b>						
<b>Facilities Services</b>						
6610 Cleaning Services	\$5,000	\$0	\$5,000	\$0	\$5,000	\$5,000
6610 Other						
6612 Garbage Disposal	\$5,000		\$5,000		\$5,000	\$5,000
6614 Janitorial Service						
6620 Maint Svcs & Mat - Equipment	\$172,996	169,996	\$3,000	\$1,000	\$2,000	\$3,000
6630 Maint Svcs & Mat - Strucs & Imp's	\$19,601,848	17,341,848	\$2,260,000		\$2,260,000	\$2,260,000
6640 Rents & Leases - Equipment	\$86,932	59,932	\$28,000	\$22,000	\$6,000	\$28,000
6650 Rents & Leases - Land, Strucs	\$111,100		\$111,100	\$111,100		\$111,100
6670 Other Property Services						
<b>6700</b>						
<b>Services and Supplies</b>						
6720 Emergency & Safety	\$11,000		\$11,000	\$1,000	\$10,000	\$11,000
6740 Office Expense	\$59,500		\$59,500	\$21,000	\$38,500	\$59,500
6750 Organization Memberships & Dues	\$81,500		\$81,500	\$20,500	\$61,000	\$81,500
6760 Other Services & Supplies	\$128,131	\$99,731	\$28,400	\$1,900	\$26,500	\$28,400
6761 Advertising & Legal Services	\$1,000		\$1,000	\$1,000		\$1,000
6762 Clothing & Personal Supplies	\$600		\$600	\$100	\$500	\$600
6764 Household Expense	\$400		\$400	\$400	\$0	\$400
6765 Laboratory Supplies						
6766 Tools & Instruments	\$100		\$100	\$100	\$0	\$100
6767 State & Local Fees	\$25,200		\$25,200	\$200	\$25,000	\$25,200
6768 Uniform Service	\$1,100		\$1,100	\$100	\$1,000	\$1,100
6769 Other	\$99,731	99,731				
6770 Training	\$16,000		\$16,000	\$6,000	\$10,000	\$16,000
6780 Transportation	\$500		\$500		\$500	\$500
6790 Travel	\$5,500		\$5,500	\$500	\$5,000	\$5,500
<b>6800</b>						
<b>Equipment</b>						
6810 Equipment & Vehicle Expense	\$57,000		\$57,000	\$57,000		\$57,000
<b>6900</b>						
<b>Other</b>						
6910 Non-Operating Expense	\$6,000		\$6,000	\$6,000	\$0	\$6,000
<b>7500</b>						
<b>Capital Land, Structures, &amp; Equip</b>						
7510 Capital Structures & Improvmts	\$587,890	\$587,890				
7520 Capital Equipment	\$18,500		\$18,500	\$18,500		\$18,500
<b>Subtotal</b>	\$28,885,240	\$23,429,429	\$5,455,811	\$490,500	\$4,965,311	\$5,455,811
<b>TRANSFERS IN/OUT</b>						
6119 Credit for Direct Labor & Benefits	(\$262,490)		(\$262,490)		(\$262,490)	(\$262,490)
6120 Indirect Labor & Benefits Appor	\$430,599		\$430,599		\$430,599	\$430,599
6180 Indirect Overhead Apportioned	(\$41,209)		(\$41,209)		(\$41,209)	(\$41,209)
6820 Direct Equip & Vehicle Use	(\$406)		(\$406)	(\$27,461)	\$27,055	(\$406)
6830 Indirect Equip & Vehicle Use	\$3,652		\$3,652		\$3,652	\$3,652
<b>Subtotal</b>	\$130,146	\$0	\$130,146	(\$27,461)	\$157,607	\$130,146
<b>TOTAL</b>	\$29,015,385	\$23,429,429	\$5,585,957	\$463,039	\$5,122,918	\$5,585,957



Water Enterprise Fund/General Fund  
EXHIBIT A

2010/2011  
PROFESSIONAL & TECHNICAL SERVICES 6210

FUND 52

Acct #	#	Description	ADM	ASD	HRS	WQE	LAB	WSE	GPE	OPER	DVWTP	PWTP	DIST SYS	DMN	MAINT	TOTAL
<b>6210 - PROFESSIONAL &amp; TECHNICAL SERVICES</b>																
<b>6211 AUDITING SERVICES</b>																
	1	Auditing Services	30,300													30,300
	2	MISC/RESERVES	1,750	2,500	10,000											14,250
6211		<b>AUDITING SERVICES</b>	<b>32,050</b>	<b>2,500</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,550</b>
<b>6212 DWR PAYMENTS AUDIT</b>																
	1	DWR Payments Audit	47,500													47,500
6212		<b>DWR PAYMENTS AUDIT</b>	<b>47,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,500</b>
<b>6213 ENGINEERING SERVICES</b>																
	1	Chain of Lakes Inspections							14,000							14,000
	2	Construction Testing Services (Soils & Materials)								1,000						1,000
	3	Contract Engineering					25,000								5,000	30,000
	4	Corrosion					35,000									35,000
	5	Drafting Services					30,000									30,000
	6	Electrical Consulting Services					3,000							1,000		26,150
	7	Stream Gaging Instrumentation							10,000							10,000
	8	MISC/RESERVES	17,500							1,500			1,000		500	19,000
6213		<b>ENGINEERING SERVICES</b>	<b>17,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>93,000</b>	<b>0</b>	<b>24,000</b>	<b>30,650</b>	<b>9,920</b>	<b>8,820</b>	<b>5,410</b>	<b>1,000</b>	<b>5,500</b>	<b>165,150</b>
<b>6214 INFORMATION SYSTEMS</b>																
	1	ITD Services	70,730	15,000		2,000	2,500	10,000	2,800	54,270	20,000	10,000	10,000	7,000	7,270	157,300
	2	Network				1,000	750									1,750
	3	MISC/RESERVES			12,500	250	1,000									13,750
6214		<b>INFORMATION SYSTEMS</b>	<b>70,730</b>	<b>15,000</b>	<b>12,500</b>	<b>3,250</b>	<b>4,250</b>	<b>10,000</b>	<b>2,800</b>	<b>54,270</b>	<b>20,000</b>	<b>10,000</b>	<b>10,000</b>	<b>7,000</b>	<b>7,270</b>	<b>172,900</b>
<b>6215 CONSTRUCTION MGMT/INSPECTION</b>																
	1	MISC								1,000			1,000			1,000
6215		<b>CONSTRUCTION MGMT/INSPECTION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>
<b>6216 LABORATORY ANALYSIS</b>																
	1	Analytical Services					15,000		750							15,750
	2	MISC	1,000				3,000									4,000
6216		<b>LABORATORY ANALYSIS</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,000</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,750</b>
<b>6217 LEGAL SERVICES</b>																
	1	KCWA Hyatt-Thermalito	50,000													50,000
	2	Outside Legal Services	350,000		5,000				7,500							362,500
	3	MISC/RESERVES	5,000		12,500											17,500
6217		<b>LEGAL SERVICES</b>	<b>405,000</b>	<b>0</b>	<b>17,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>430,000</b>
<b>6218 SURVEY SERVICES</b>																
	1	Survey Services						10,000								10,000
	2	MISC/RESERVES	2,500						36,000							38,500
6218		<b>SURVEY SERVICES</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>36,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,500</b>
<b>6219 OTHER PROFESSIONAL &amp; TECH SERVICES</b>																
	1	3E-IMSDS Management Program			5,000		2,500									7,500
	2	Accig Consulting & Tech Services		6,500												6,500
	3	Analytical Services		25,000												25,000
	4	Appraisals/Title Reports, Land Acquisition						20,000	6,250							26,250
	5	CCAR Green House Gas Certification					10,000									10,000
	6	Construction Management- Field Inspections								5,050					5,050	5,050
	7	Delivery Services	10,000													10,000
	8	Delta	50,000													50,000
	9	Delta Outreach	125,000													125,000
	10	Emergency Preparedness Consultant						10,000								10,000
	11	Environmental Consultant	25,000													25,000
	12	File Services	15,000							15,000			2,500		5,000	30,000
	13	Flows Study & Steehead	50,000													50,000
	14	Geophysical Well Logging														700
	15	Gov. Affairs/Grants	69,000													69,000
	16	Groundwater Modeling Support														25,000
	17	Groundwater Sampling														22,000
	18	Human Resources Services - Fingerprinting			640											640
	19	Mail Services	33,000													33,000



Water Enterprise Fund/General Fund  
EXHIBIT A

2010/2011  
PROFESSIONAL & TECHNICAL SERVICES 6210

FUND 52

Acct #	Item #	Description	ADM	ASD	HRS	WQE	LAB	WSE	GPE	OPER	DVWTP	PPWTP	DIST SYS	DMN	MAINT	TOTAL
	20	Organizational Studies & Legal Costs	160,000	1,000												161,000
	21	Public Outreach/Government Affairs	184,000													184,000
	22	Publications - Graphics, Layout & Printing	50,000													50,000
	23	Resp. Exams	8,000													8,000
	24	Security Services	2,850					10,000		219,400	92,600	72,800	54,000			232,250
	25	Special Hydrogeologic Studies							10,000	85,000	25,000	25,000	12,500	12,500	10,000	110,000
	26	System Integration Services (SCADA)	75,000	25,000												75,000
	27	Temporary Services		500	15,000											15,500
	28	Test Development							25,000							25,000
	29	US Geologic Survey Surface Water Stations							3,750	30,000	10,000	10,000	5,000	5,000		38,750
	30	Water Quality Treatment Solutions				5,000										2,000
	31	Water Rights Fees				7,500		2,000								7,500
	32	Water Treatment Studies				2,500										2,500
	33	Watershed Management Plan Development														90,000
	34	Web Internet Site	90,000	52,500	30,000			5,000								87,500
	35	MISC/RESERVES	999,350	59,000	50,640	15,000	2,500	57,000	92,700	354,450	130,100	110,300	74,000	20,000	20,050	1,626,640
6219		OTHER PROFESSIONAL & TECH SERVICES														
6210		TOTAL	1,575,630	75,500	90,640	18,250	24,750	170,000	163,750	440,370	160,020	129,120	90,410	28,000	32,820	2,558,890

6230 - COUNTY PROFESSIONAL & TECHNICAL SERVICES																	
6230 COUNTY PROFESSIONAL & TECHNICAL SERVICES																	
	1	AlcoLink	32,500														32,500
	2	Counsel	5,000						3,750								8,750
	3	General (tax admin, vect control, PWA)	5,000														5,000
	4	Temporary Services Admin	25,000														25,000
	5	MISC/RESERVES	5,000		10,000												15,000
6230		OTHER PROFESSIONAL & TECHNICAL SERVICES	72,500	0	10,000	0	0	0	3,750	0	0	0	0	0	0	0	86,250
6230		TOTAL	72,500	0	10,000	0	0	0	3,750	0	0	0	0	0	0	0	86,250

6240 - COUNTY OTHER SERVICES																	
6240 - COUNTY OTHER SERVICES																	
	1	County Printing						1,000		5,500	1,000	1,000	1,000				6,500
	2	MISC/RESERVES	0	0	3,000	0	0	1,000	0	5,500	1,000	1,000	1,000	0	2,500	9,500	3,000
6245		COUNTY REPROGRAPHICS	0	0	3,000	0	0	1,000	0	5,500	1,000	1,000	1,000	0	2,500	9,500	3,000
6247		COUNTY INDIRECT COSTS	650,000														650,000
6247	1	County Indirect Costs	650,000	0	0	0	0	0	0	0	0	0	0	0	0	0	650,000
6240		COUNTY OTHER SERVICES	376,805														376,805
6240	1	MISC	376,805	0	0	0	0	0	0	0	0	0	0	0	0	0	376,805
6240		COUNTY OTHER SERVICES	1,026,805	0	3,000	0	0	1,000	0	5,500	1,000	1,000	1,000	0	2,500	1,036,305	3,000
6240		TOTAL	2,674,935	75,500	103,640	18,250	24,750	171,000	167,500	445,870	161,020	130,120	91,410	28,000	35,320	3,681,445	
TOTAL PROFESSIONAL SERVICES																	



6750	Item #	ORGANIZATION MEMBERSHIPS/PARTICIPATION	ADM	ASD	HRS	WGE	LAB	WSE	GPE	SW/SHL OPER	OPERATIONS/MAINTENANCE				FUND				TOTAL			
											DWTP	PPWTP	DWF	DMN	MNT	TOTAL	FCADM	FCE		FPSD	RR	EXP
<b>6751 ORGANIZATION MEMBERSHIPS</b>																						
	1	Assoc Ca Water Agencies	27,000																			27,000
	2	AWWA Agency Membership	29,500					150														30,955
	3	AWWA Research Foundation	30,000					9,000														30,000
	4	Bay Area Recycled Water Coalition																				5,000
	5	CA Public Employees Un. Retirees Assoc			1,340																	1,340
	6	California Public Purchasing Officers		250																		250
	7	California Bar Association	1,100																			1,100
	8	California Municipal Finance Officers		130																		130
	9	California Special Districts Association	4,500																			4,500
	10	California Utilities Emergency Association						550														550
	11	Certified Control System Technicians III Certification								240												240
	12	Chambers of Commerce	800																			800
	13	Emergency Manager's Association																				50
	14	Firefighters Association																				50
	15	Friends Archive	500																			500
	16	GFOA		500																		500
	17	Groundwater Resources Association	500					100	520													1,120
	18	Instrumentation Systems & Automation Society																				452
	19	International Personnel Management Assoc								452												452
	20	NAPM (national association of purchasing managers)		500						300												300
	21	National Groundwater Association						100	300													400
	22	National Water Research Institute		450																		450
	23	Parade for Safe Water																				1,500
	24	Society for HR Management			640																	640
	25	Southwest Membrane Operators Membership																				1,000
	26	State Water Contractors- Annual Dues	50,000																			50,000
	27	State Water Contractors- Bay-Delta Fund	150,000																			150,000
	28	State Water Contractors- Miscellaneous (Energy)	10,000																			10,000
	29	State Water Contractors- SROSD litigation	25,000																			25,000
	30	Water Education Foundation	4,000																			4,000
	31	Water Release Assoc of Calif	6,000																			6,000
	32	MISC	13,300		400			1,000														14,700
		<b>ORGANIZATION MEMBERSHIPS</b>	<b>348,800</b>	<b>1,830</b>	<b>2,380</b>	<b>0</b>	<b>0</b>	<b>9,950</b>	<b>820</b>	<b>4,797</b>	<b>3,085</b>	<b>520</b>	<b>200</b>	<b>0</b>	<b>992</b>	<b>369,577</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>375,577</b>
<b>6751</b>																						
<b>6752 SUPPORT</b>																						
	1	MISC	5,000																			5,000
	2	MISC																				500
		<b>SUPPORT</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,500</b>
<b>6752</b>																						
<b>6753 PROGRAMS/PROJECT PARTICIPATION</b>																						
	1	Alameda County Clear Water Program	21,000																			21,000
	2	Central Valley Regional Water Quality Control Board	2,500																			2,500
	3	Central Valley Regional Water Quality Control Board																				50,000
	4	IRWM (Inflow and Infiltration Reduction)																				5,000
	5	State Water Project JPA and MWQI	15,000																			15,000
	6	Technical & professional events sponsorships	5,000																			5,000
	7	Water & Power Reform	1,500																			1,500
		<b>PROGRAMS/PROJECT PARTICIPATION</b>	<b>52,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,500</b>	<b>26,000</b>	<b>58,000</b>	<b>75,000</b>	<b>26,000</b>	<b>0</b>	<b>152,500</b>
<b>6753</b>																						
<b>6750</b>		<b>TOTAL ORGANIZATION MEMBERSHIPS</b>	<b>407,300</b>	<b>1,830</b>	<b>2,380</b>	<b>0</b>	<b>0</b>	<b>9,950</b>	<b>820</b>	<b>4,797</b>	<b>3,085</b>	<b>520</b>	<b>200</b>	<b>0</b>	<b>992</b>	<b>427,077</b>	<b>20,500</b>	<b>61,000</b>	<b>81,500</b>	<b>25,000</b>	<b>0</b>	<b>533,577</b>

Travel Request  
Fund: 52 & 50  
2010/2011

Account #6790

Item #	Description	ADM	ASD	HRS	WQE	LAB	WSE	GPE	OPER	DVWTP	PPWTP	DWF	DMN	MNT	FUND 52 TOTAL	FC ADMN	FCE	FUND 50 TOTAL
1	ADM: AWWA Water Conference	12,000													12,000			
2	ADM: AWWA Conferences	3,000													3,000			
3	ADM: Bay Delta related expenses	2,000													2,000			
4	ADM: Bd Members/ Sr. Staff/ EPA Conferences	7,500													7,500			
5	ADM: Conferences and Seminars	2,000													2,000			
6	ADM: CSDA Conference	3,000													3,000			
7	ADM: Dept of Water Res/State Water Contractors	4,000													4,000			
8	ADM: WaterReuse Committee	1,000													1,000			
9	ASD: Administrative Services Conferences	1,000	1,500												1,500			
10	ASD: Annual SWP Operations Meeting in LA	1,000	1,000												1,000			
11	ASD: AWWA Conference	1,500	1,500												1,000			
12	ASD: DWR Water Operations meetings	167	67												167			
13	ASD: Financial and Administrative Services	1,500	67												1,500			
14	ASD: Semitropic Monitoring Meetings			5,000											5,000			
15	HRS: AWWA Conferences			1,000											1,000			
16	HRS: CSDA Conference			1,000											1,000			
17	HRS: CSTI			6,000											6,000			
18	HRS: Labor Relations Conference			3,000											3,000			
19	HRS: State Personnel Board Training			2,500											2,500			
20	HRS: MISC														750			
21	WQE: AWWA Conferences				750										750			
22	WQE: Local vendor seminars and conferences.				500										500			
23	WQE: Annual AWWA Conference (Airfare only)				500										500			
24	WSE: Annual SWP Operations Meeting in LA						500								500			
25	WSE: Annual SWP Operations Meeting in LA						300								300			
26	WSE: CANNV AWWA Spring Conference (Airfare only)						500								500			
27	WSE: CANNV AWWA Workshops (Airfare only)						500								500			
28	WSE: DWR Water Operations meetings						500								500			
29	WSE: Misc Technical Training (i.e. H2O Net (Airfare only)						500								500			
30	WSE: Semitropic Monitoring Meetings						200								200			
31	GPE: Groundwater conference						400								400			
32	GPE: Groundwater training course						400								400			
33	OPS: Conferences, Workshops, Symposiums						6,000								6,000			
34	MTN: Conferences, Workshops, Symposiums						2,000								2,000			
35	FCADM: Flood Control travel expenses						2,000								2,000			
36	FCE: Professional Conferences															500		500
	TOTAL TRAVEL	34,500	4,334	18,500	750	1,000	3,000	800	8,000	2,000	2,000	2,000	0	2,000	70,884	500	5,000	5,500



# CAPITAL IMPROVEMENT PROGRAM DETAIL



**FUND 72  
RENEWAL/REPLACEMENT &  
SYSTEMWIDE IMPROVEMENT PROJECTS  
FISCAL YEAR 2010/2011  
Summary Table**

<i>SYSTEMWIDE IMPROVEMENT PROJECTS</i>				
Job Number	Project Title	Total Project Cost	FY 10/11 Budget	Page
<b>EMERGENCY PREPAREDNESS</b>				
96072	Vulnerability Assessment Review & Update	\$110,000	\$110,000	84
	<b>SUBTOTAL</b>	<b>\$110,000</b>	<b>\$110,000</b>	
<b>GROUNDWATER BASIN MANAGEMENT</b>				
53039	New Groundwater Management Program Monitoring Wells	\$771,000	\$76,587	84
	<b>SUBTOTAL</b>	<b>\$771,000</b>	<b>\$76,587</b>	
<b>TRANSMISSION &amp; DISTRIBUTION</b>				
96072	System-Wide Installation of Line Valves	\$1,710,000	\$60,500	85
96072	Transmission System Master Plan	\$3,600,000	\$75,000	85
96072	Vasco Pump Station	\$100,000	\$100,000	86
	<b>SUBTOTAL</b>	<b>\$5,410,000</b>	<b>\$235,500</b>	
<b>WATER SUPPLY &amp; CONVEYANCE</b>				
54511	2010 Water System Planning	\$105,000	\$52,500	86
96072	Enhanced Conservation Program	\$4,800,000	\$400,000	87
54505	High Efficiency Toilet Rebate Program	\$1,300,500	\$83,000	87
54504	High-Efficiency Washing Machine Rebate Program	\$2,122,500	\$225,000	88
54501	Water Conservation Best Management Practices	\$4,612,500	\$75,000	88
	<b>SUBTOTAL</b>	<b>\$12,940,500</b>	<b>\$835,500</b>	
<b>WATER TREATMENT FACILITIES</b>				
96072	DVWTP & PPWTP Fume Hood Replacement and Construction	\$84,000	\$84,000	89
96072	DVWTP Chemical Systems/Parking Lot Improvements	\$2,545,000	\$487,500	89
96072	Facilities Security Improvements	\$325,000	\$100,000	90
96072	PPWTP Improvement Studies 2011	\$340,000	\$293,300	90
53090	PPWTP Sewer System	\$780,000	\$610,062	91
53069	Water Quality Management Program	\$4,147,500	\$68,000	91
	<b>SUBTOTAL</b>	<b>\$8,221,500</b>	<b>\$1,642,862</b>	
<b>SYSTEMWIDE IMPROVEMENT TOTAL</b>		<b>\$27,453,000</b>	<b>\$2,900,449</b>	



## Water Rates – Systemwide Improvements

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<b>Program</b>	Emergency Preparedness		
<b>Project</b>	<b>Vulnerability Assessment Review &amp; Update</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This project is a re-assessment of the vulnerabilities of Zone 7 facilities, including an evaluation the security levels of the treatment facilities, distribution system, and administration office.		
<b>Justification</b>	This will update the 2003 Vulnerability Assessment report.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Increased safety and emergency operations coordination for agency.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$110,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$110</b>	

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<b>Program</b>	Groundwater Basin Management		
<b>Project</b>	<b>New Groundwater Management Program Monitoring Wells</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This project provides for the installation of "nested" monitoring wells at up to nine locations around Livermore-Amador Valley. The monitoring wells will be specifically designed to monitor the groundwater quality and water levels across the groundwater basin. These wells will help fill data gaps in the current monitoring network.		
<b>Justification</b>	Water quality and water level monitoring data obtained from these wells will facilitate wellfield operations planning, salt loading management, wellhead protection, and general basin management. They will be used to monitor changes in water quality, which in turn can be used to modify operational plans to optimize delivered water quality. They will also provide snapshots of the vertical distribution of water quality and recharge around the basin, which will also facilitate groundwater basin management activities.		
<b>Responsible Section</b>	GP                      Groundwater Protection		
<b>Operating Impact</b>	Increase of water supply reliability. Increase O&M costs.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$771,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$77</b>	

## Water Rates – Systemwide Improvements

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<b>Program</b>	Transmission & Distribution		
<b>Project</b>	<b>System-Wide Installation of Line Valves</b>		
<b>Priority</b>	3		
<b>Project Description</b>	Installation of approximately 30 new line valves in the transmission system, as needed, to provide a maximum of 2,000-2,500 feet separation throughout the transmission system.		
<b>Justification</b>	The installation of additional line valves will reduce service interruptions due to scheduled maintenance and other activities such as leak repairs.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Improve operation and reduce service interruptions.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$1,710,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$61</b>	

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<b>Program</b>	Transmission & Distribution		
<b>Project</b>	<b>Transmission System Master Plan</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This program involves a comprehensive effort to define renewal/replacement and improvement projects needed for the transmission system in order to meet existing and future water demands. This program involves an integration of all aspects of transmission system planning, including the AMP, corrosion master planning, hydraulic modeling, etc.		
<b>Justification</b>	Establish transmission system sustainability and increase operational/maintenance efficiencies and ensure that Zone 7 meets its goals and objectives to its retailers for existing and future demands, all in a cost-effective manner.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Increase operational/maintenance effectiveness.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$4,800,000 (75% Water Rates; 25% Connection Fees)		
<b>Source of Funds</b>	Fund 72	Water Rates	75%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$75</b>	

## Water Rates – Systemwide Improvements

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<b>Program</b>	Transmission & Distribution		
<b>Project</b>	<b>Vasco Pump Station</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This project consists of relocating the Airway Pump Station, where use has been minimal since 1991, to the Vasco Control Station (or a better alternative) to improve reliability in East Livermore.		
<b>Justification</b>	With the deferral or possible relocation of the AWTP, system reliability is compromised in East Livermore, should the Silver Oaks pump station or reaches in the 24-inch Livermore Unit 1 pipeline become out-of-service. Water cannot be supplied at adequate pressures to key turnouts.		
<b>Responsible Section</b>	O&M	Operations and Maintenance	
<b>Operating Impact</b>	Improves the reliability of the transmission system by providing looped service in the East Livermore service area.		
<b>In Service Date:</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$100,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$100</b>	

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>2010 Water System Planning</b>		
<b>Priority</b>	1		
<b>Project Description</b>	The 2010 Water System Planning project includes water supply and water facilities planning to meet projected build out demands. The first task will be to evaluate the existing system capability to meet existing polices and other existing criteria. The second task will be to identify potential supplies and policies. The third task will be to develop portfolios and policies for screening and analysis. The fourth task will include detailed analysis, comparison of the select porfolios and recomendations .		
<b>Justification</b>	Reduce long-term water demands by promoting Best Management Practices that encourage wise and efficient use of water. Zone 7 studies show that per capita water use in our service area is declining, thus illustrating the effectiveness of our program.		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	Improved system reliability.		
<b>In Service Date</b>	<b>Month:</b> December <b>Year:</b> 2010		
<b>Total Project Cost</b>	\$300,000 (35% Water Rates; 65% Connection Fees)		
<b>Source of Funds</b>	Fund 72	Water Rates	35%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$53</b>	

## Water Rates – Systemwide Improvements

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>Enhanced Conservation Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	This program includes financial & technical support for our retailers' conservation efforts; support & incentives to improve indoor and outdoor water use efficiency; promote & support implementation of new initiatives, alternative measures and new technologies in water conservation, public information & school education programs promoting water conservation and water use efficiency planning. implementation of new initiatives, alternative measures and new technologies in water conservation, public information & school education programs promoting water conservation, recycled water use and efficiency planning.		
<b>Justification</b>	Reduce long-term water demands by promoting Best Management Practices that encourage wise and efficient use of water.		
<b>Responsible Section</b>	OGM            Office of the General Manager		
<b>Operating Impact</b>	Decreased potable water demands and increase system reliability.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2020		
<b>Total Project Cost</b>	\$4,800,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$400</b>	

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>High Efficiency Toilet Rebate Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	This program encourages the replacement of existing high-water-using toilets with high-efficiency toilets (HET) that use 1.28 gallons or less per flush in residential dwelling by offering homeowners a \$150 rebate for installation of a HET.		
<b>Justification</b>	This program replaces existing high-water-using toilets with HETs. The estimated water savings from an HET is on the order of 48 gallons/day.  The toilet rebate program is a water conservation BMP that Zone 7 implements in conjunction with its retailing water agencies.		
<b>Responsible Section</b>	OGM            Office of the General Manager		
<b>Operating Impact</b>	Decreased potable water demands.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$1,734,000 (75% Water Rates; 25% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Water Rates	75%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$83</b>	

## Water Rates – Systemwide Improvements

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>High-Efficiency Washing Machine Rebate Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	This program encourages the purchase and installation of high-efficiency washing machines by offering buyers from \$75 to \$200 rebates. New regulations will require all washers to be energy-efficient.		
<b>Justification</b>	Studies show that approximately 20% of a household's water is used by washing machines. High-efficiency washing machines use about 40% less water per load. This could lead to an annual water savings of approximately 5,100 gallons per machine.		
<b>Responsible Section</b>	OGM	Office of the General Manager	
<b>Operating Impact</b>	Decreased potable water demands.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$2,830,000 (75% Water Rates and 25% Connection Fees)		
<b>Source of Funds</b>	Fund 72	Water Rates	75%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$225</b>	

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>Water Conservation Best Management Practices</b>		
<b>Priority</b>	1		
<b>Project Description</b>	As listed in the MOU regarding Urban Water Conservation in California which includes financial & technical support for our retailers' conservation efforts; support & incentives to improve large landscape water efficiency; and public information & school education programs promoting water conservation.		
<b>Justification</b>	Reduce long-term water demands by promoting Best Management Practices that encourage wise and efficient use of water. Zone 7 studies show that per capita water use in our service area is declining, thus illustrating the effectiveness of our program.		
<b>Responsible Section</b>	OGM	Office of the General Manager	
<b>Operating Impact</b>	Decreased potable water demands and increase system reliability.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$6,150,000 (75% Water Rates; 25% Connection Fees)		
<b>Source of Funds</b>	Fund 72	Water Rates	75%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$75</b>	

# Water Rates – Systemwide Improvements

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<b>Program:</b>	Water Treatment Facilities		
<b>Project:</b>	<b>DVWTP &amp; PPWTP Fume Hood Replacement and Construction</b>		
<b>Priority</b>	1		
<b>Project Description</b>	This project will provide a new fume hood for the operators at PPWTP and replace an existing fume hood for the DVWTP laboratory.		
<b>Justification</b>	This project is in response to a request from the Safety Department to provide a safer environment for employees.		
<b>Responsible Section</b>	WSE            Water Supply Engineering		
<b>Operating Impact</b>	Improved safety.		
<b>In Service Date</b>	<b>Month:</b> January	<b>Year:</b> 2011	
<b>Total Project Cost</b>	\$84,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$84</b>	

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>DVWTP Chemical Systems/Parking Lot Improvements</b>		
<b>Priority</b>	2		
<b>Project Description</b>	<p>This project consolidates the following DVWTP improvement and renewal/replacement projects: DVWTP Caustic Soda Chemical Storage Upgrade; DVWTP Chemical Feed System Replacement; DVWTP Filter Gallery Pipe Supports Upgrade; and, DVWTP Parking Lot Rehabilitation.</p> <p>Upgrade existing caustic soda chemical storage facility at DVWTP due to inadequate capacity. Project may involve new storage tanks, a new temperature-controlled storage building, chemical fill line improvements, chemical delivery truck roadway access improvements, and removal of existing under-sized tank. Replace existing chemical feed systems, including pumps, which require regular maintenance. Provide adequate secondary containment, sufficient backup pumps, and SCADA control for all chemical feed systems. The existing support system for conduit and chemical feed lines in the lower filter gallery needs to be evaluated and, as necessary, re-enforced or replaced with a properly designed system that can support the current and any future, anticipated load and has sufficient seismic capacity.</p>		
<b>Justification</b>	<p>Chemical storage tank is not sized to properly and efficiently schedule chemical deliveries. Existing chemical feed systems are subject to constant mechanical failure. Pipe support system must be properly designed in order to prevent sudden failure. Replacement of the DVWTP parking lot is needed to return it to an acceptable standard; thereby ensuring safety conditions including chemical deliveries.</p>		
<b>Responsible Section</b>	WSE            Water Supply Engineering		
<b>Operating Impact</b>	Improves ability to comply with regulatory requirements, increases operational effectiveness, increases reliability and safety, and decreases maintenance.		
<b>In Service Date</b>	<b>Month:</b> June	<b>Year:</b> 2012	
<b>Total Project Cost</b>	\$2,545,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$488</b>	

## Water Rates – Systemwide Improvements

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<b>Program:</b>	Water Treatment Facilities		
<b>Project:</b>	<b>Facilities Security Improvements</b>		
<b>Priority</b>	3		
<b>Project Description</b>	Provide security upgrades for water production and distribution facilities based on existing Vulnerability Assessment and future upgrades based on revised Vulnerability Assessment in 2011. Security improvements to Zone 7's water facilities including the addition of a security access system, intrusion alarms and motion detectors. FY 10/11 costs included gates at the Mocho Demineralization Plant and Parkside office building. Costs in FY 11/12 include migrating SCADA to AMAG, Rate Control Stations and other well sites for \$200,000.		
<b>Justification</b>	This is required for the protection of Zone 7 staff and infrastructure, and the community's water supply.		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	Increased security for employees, potential savings from guard services, provides more detection of criminal activities and reduces the number of keys given out to non-Zone 7 employees.		
<b>In Service Date</b>	<b>Month:</b> June	<b>Year:</b> 2011	
<b>Total Project Cost</b>	\$325,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$100</b>	

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>PPWTP Improvement Studies 2011</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This project includes several PPWTP improvement studies, consolidated into one project, which are scheduled for completion in FY 2010/11. These studies are included within a 2004 PPWTP CIP Prioritization Study and include:  PPWTP Raw Water Quality Monitoring PPWTP Chlorine Contact Time Analysis PPWTP Raw Water Pretreatment Analysis (UF Plant) PPWTP Filter-to-Waste Improvements		
<b>Justification</b>	These improvement studies and resultant projects, would enable Zone 7 to take full advantage of the maximum treated water production capacity at PPWTP.		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	Increases operational effectiveness.		
<b>In Service Date</b>	<b>Month:</b> June	<b>Year:</b> 2011	
<b>Total Project Cost</b>	\$340,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$293</b>	

## Water Rates – Systemwide Improvements

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>PPWTP Sewer System</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This project will replace the existing septic tank system with a new sewer system (connected to the City of Livermore Sanitary Sewer System).		
<b>Justification</b>	<p>The existing septic tank system at PPWTP is approximately 46 years old and is near the end of its useful life. Recently it has demonstrated signs of impending failure. Rehabilitation work has only been partially successful. It is inevitable that with time the system will decrease in performance and one day will fail completely.</p> <p>In addition to handling sewer flow, the system would have the advantage of being able to handle neutralized citric acid which is generated from the PPWTP Ultrafiltration Plant. Currently this acid is trucked to a sewage treatment plant during major membrane cleanings and sent to the plant headworks during minor membrane cleanings. Disposal through the sewer system will have long term savings in chemical off-haul and off-site disposal costs.</p>		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	Will meet sanitary sewer design and operational standards.		
<b>In Service Date</b>	<b>Month:</b> June	<b>Year:</b> 2011	
<b>Total Project Cost</b>	\$780,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$610</b>	
<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>Water Quality Management Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	A comprehensive water quality management program and implementation plan (Water Quality Management Plan) was completed in April 2003. This plan addresses water quality concerns of customers and community. It has lead to the Board adoption of policies that address specific water quality goals and objectives that meet internal (Zone 7) and customer and end user needs. This ongoing program will be one component of Zone 7's overall master planning process. It will help guide both our water system operations and our CIP over the next 20 years.		
<b>Justification</b>	Will assist the Zone 7 Board of Directors in determining policies to effectively manage treated and untreated water quality issues. Will provide guidance to Zone 7's water operations, help establish capital facilities needs and design guidelines, and incorporate a funding strategy.		
<b>Responsible Section</b>	WQ	Water Quality	
<b>Operating Impact</b>	Will provide clear operational guidelines. Potential additional treatment and blending facilities to operate.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$5,530,000 (75% Water Rates; 25% Connection Fees)		
<b>Source of Funds</b>	Fund 72	Water Rates	75%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$68</b>	



**FUND 72  
RENEWAL/REPLACEMENT &  
SYSTEMWIDE IMPROVEMENT PROJECTS  
FISCAL YEAR 2010/2011  
Summary Table**

<b>RENEWAL &amp; REPLACEMENT PROJECTS</b>				
Job Number	Project Title	Total Project Cost	FY 10/11 Budget	Page
<b>BUILDINGS &amp; GROUNDS</b>				
54053	North Canyons Administrative & Engineering Building Lease	\$6,156,920	\$497,000	93
96072	Replacement of Roofs at Parkside, Hopyard Well No. 6 and DVWTP Maintenance Shop	\$190,000	\$135,000	93
	<b>SUBTOTAL</b>	<b>\$6,346,920</b>	<b>\$632,000</b>	
<b>PROGRAM MANAGEMENT</b>				
54508	Capital Improvement Program Management	\$1,000,000	\$30,000	94
54507	System-Wide Improvements and Renewal/Replacement Program Management	\$2,159,000	\$50,000	94
	<b>SUBTOTAL</b>	<b>\$3,159,000</b>	<b>\$80,000</b>	
<b>REGULATORY COMPLIANCE</b>				
54042	Laboratory Equipment Replacement	\$6,037,000	\$110,000	95
	<b>SUBTOTAL</b>	<b>\$6,037,000</b>	<b>\$110,000</b>	
<b>WATER TREATMENT FACILITIES</b>				
54071	Asset Management Program Study Update	\$300,000	\$45,000	95
96072	Dougherty Reservoir Access Road Rehabilitation	\$50,000	\$35,000	96
96072	DVWTP DAF Saturator Tanks Repair	\$150,000	\$150,500	96
54073	DVWTP Filter Valve Replacements (Phase 1 only)	\$490,000	\$120,000	97
53088	DVWTP Improvements Project	\$450,000	\$250,000	98
96072	DVWTP Interior Coating Improvements to the 4.5 MG Steel Clearwell	\$1,250,000	\$1,250,000	99
96072	Foley Road Realignment	\$475,000	\$475,000	99
96072	Minor Renewal/Replacement Projects	\$9,400,000	\$250,000	100
54077	PPWTP Electrical System Upgrade	\$950,000	\$700,000	100
96072	PPWTP OSG Conversion	\$181,500	\$181,500	101
54072	PPWTP Rehabilitation of Clarifier and Replacement of Motor	\$1,600,000	\$105,000	101
54059	PPWTP Ultrafiltration Membrane Replacement	\$17,500,000	\$390,000	102
54048	SCADA Enhancements	\$24,175,000	\$175,000	102
96072	Well Pump, Motor and Casing Inspections	\$390,000	\$30,000	103
	<b>SUBTOTAL</b>	<b>\$57,361,500</b>	<b>\$4,157,000</b>	
<b>RENEWAL &amp; REPLACEMENT TOTAL</b>		<b>\$72,904,420</b>	<b>\$4,979,000</b>	
<b>SYSTEMWIDE IMPROVEMENTS/RENEWAL &amp; REPLACEMENT PROJECTS TOTAL</b>		<b>\$100,357,420</b>	<b>\$7,879,449</b>	
<b>CONTINGENCY FUNDS</b>				
96172	Contingency		\$750,000	
	<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$750,000</b>	
<b>SYSTEMWIDE IMPROVEMENTS/RENEWAL &amp; REPLACEMENT PROGRAM SUBTOTAL</b>		<b>\$100,357,420</b>	<b>\$8,629,449</b>	
<b>SINKING FUNDS</b>				
96072	Administrative & Engineering Building - Sinking Fund	\$8,146,000	\$368,776	103
	<b>SUBTOTAL</b>	<b>\$8,146,000</b>	<b>\$368,776</b>	
<b>SYSTEMWIDE IMPROVEMENT / RENEWAL &amp; REPLACEMENT PROGRAM TOTAL</b>		<b>\$108,503,420</b>	<b>\$8,998,225</b>	

## Water Rates – Renewal/Replacement

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<b>Program</b>	Building & Grounds	
<b>Project</b>	<b>North Canyons Administrative &amp; Engineering Building Lease</b>	
<b>Priority</b>	2	
<b>Project Description</b>	A new office building for administrative and engineering staff was completed in February 2005. The new building has a larger Board Room for public meetings. The new building is located closer to operations (treatment plants), and is more centrally located for employees and Valley residents. The move-in date was February 22, 2005. The total project cost is based on a "Build to Suit" option and includes the 15-year lease payments.	
<b>Justification</b>	Engineering, administrative and operations staff were at different locations. This project has brought administrative and engineering staff together and will bring both closer to operations. This project also accommodates future expansion. It will reduce overall agency travel times, improve communications and staff productivity	
<b>Responsible Section</b>	ASD                      Administrative Services Division	
<b>Operating Impact</b>	Provides for more efficient and effective operations of administrative and engineering functions.	
<b>In Service Date</b>	<b>Month:</b> February	<b>Year:</b> 2020
<b>Total Project Cost</b>	\$14,000,000 for Water System (55% Water Rates; 45% Connection Fees)	
<b>Source of Funds</b>	Fund 72	Water Rates                      45%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$497</b>

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<b>Program</b>	Buildings & Grounds	
<b>Project</b>	<b>Replacement of Roofs at Parkside, Hopyard Well No. 6 and DVWTP Maintenance Shop</b>	
<b>Priority</b>	1	
<b>Project Description</b>	The roofs at these buildings are in need of repair. There has been minor repairs to the roofs to extend existing useful lives, but full replacement will be required to prevent internal damage to the facilities. This project consist of full roof replacement for Parkside office and shop buildings, the Hopyard Well No. 6 bldg., and the DVWTP Maintenance Shop/carport. An engineering evaluation will assess (1) costs and (2) pros and cons of a modified bitumen (tar and gravel) roof replacement vs. a polyurethane foam roof system for the three Parkside buildings, and skylight repairs vs. a new polyfoam roof system for the metal roof for the DVWTP Maintenance bldg. Project also includes repair of roof framing for the Parkside shop bldg. and installation of Zone 7 furnished roof access hatch and potential elimination of 10 skylights (with plywood cover) for the DVWTP Maintenance shop.	
<b>Justification</b>	This project is required to protect the integrity of the building(s) by protecting it against rain leaking through the roof and onto the flooring or equipment in the building.	
<b>Responsible Section</b>	WSE                      Water Supply Engineering	
<b>Operating Impact</b>	Increased safety & operations.	
<b>In Service Date</b>	<b>Month:</b> June	<b>Year:</b> 2011
<b>Total Project Cost</b>	\$190,000	
<b>Source of Funds</b>	Fund 72	Water Rates                      100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$135</b>

## Water Rates – Renewal/Replacement

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<b>Program</b>	Program Management		
<b>Project</b>	<b>Capital Improvement Program Management</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Ongoing program management of the Capital Improvement Plan.		
<b>Justification</b>	Provides for better tracking of program management costs.		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	None		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b>	Ongoing
<b>Total Project Cost</b>	\$4,893,000 (20% Water Rates; 45% Connection Fees ;and 5% Stormwater Drainage Fees)		
<b>Source of Funds</b>	Fund 72	Water Rates	20%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$30</b>	

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<b>Program</b>	Program Management		
<b>Project</b>	<b>System-Wide Improvement, Renewal/Replacement Program Management</b>		
<b>Priority</b>	3		
<b>Project Description</b>	Ongoing program management of the SWI and R&R programs.		
<b>Justification</b>	Provides for better tracking of program management costs.		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	None		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b>	Ongoing
<b>Total Project Cost</b>	\$2,159,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$50</b>	

## Water Rates – Renewal/Replacement

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<b>Project Program Priority</b>	<b>Laboratory Equipment Replacement</b> Regulatory Compliance 2
<b>Project Description</b>	The replacement of various monitoring and analytical laboratory equipment. Examples of major equipment to be replaced include but are not limited to: HP 5890 GC with Hall ECD/PID detectors, auto-sampler and data acquisition system; PE 5100 PC AA with flame and graphite furnace with auto-sampler and data acquisition system; Varian Saturn GC/MS with dual auto-sampler and data acquisition system.
<b>Justification</b>	This program replaces existing laboratory equipment that has an average service life of ten years. This equipment is required for regulatory compliance monitoring and groundwater water quality management.
<b>Operating Impact Responsible Section</b>	Equipment is required to meet regulatory compliance LAB                      Laboratory
<b>In Service Date</b>	Ongoing
<b>Total Project Cost</b>	\$6,037,000 (\$110,000 annually)
<b>Source of Funds</b>	Fund 72                      Water Rates                      100%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's) <b>\$110</b>

<b>Program Project Priority</b>	Water Treatment Facilities <b>Asset Management Program Study Update</b> 2
<b>Project Description</b>	The 2004 Asset Management Study recommended ongoing condition assessments of Zone 7's Water System facilities. This study is a follow-up to the 2006 Asset Management Program Condition Assessment.
<b>Justification</b>	Assures that assets in need of repair or replacement are indentified and corrected.
<b>Responsible Section Operating Impact</b>	WSE                      Water Supply Engineering Increased operational effectiveness and reliability.
<b>In Service Date</b>	<b>Month:</b> May <b>Year:</b> 2011
<b>Total Project Cost</b>	\$300,000
<b>Source of Funds</b>	Fund 72                      Water Rates                      100%
<b>Fiscal Year 10/11</b>	Amount (\$1000) <b>\$45</b>

## Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>Dougherty Reservoir Access Road Rehabilitation</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Surface maintenance and road repairs to the Dougherty Reservoir access road is needed. This project consists of a completed pavement condition assessment and involves recommended pavement surface coating (slurry coat or chip seal), filling cracks, and repairing damaged pavement and base areas.		
<b>Justification</b>	This project will maintain the Dougherty Reservoir access road in a safe and serviceable condition, extending the time period for which repaving and replacement repairs would be needed.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Decrease maintenance, increase safety.		
<b>In Service Date</b>	<b>Month:</b> May <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$50,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$35</b>	

<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>DVWTP DAF Saturator Tanks Corrosion Investigation and Remediation</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Design and construct the required tank repairs so that the DAF system is in operable condition.		
<b>Justification</b>	DAF system can be placed in operation to produce finished water only if the tanks are repaired.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Increased production capacity and reliability.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$150,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$150</b>	

# Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities
<b>Project</b>	<b>DVWTP Filter Valves Replacement (Phase 1)</b>
<b>Priority</b>	1
<b>Project Description</b>	<p>The project will be completed in two phases. Phase 1 consists of replacing a total of 32 valves for Filter Nos. 1 to 4. Only the filter rate of control valve, installed in 2004 for all eight filters, will not be replaced. Phase 1 will replace each existing valve system, including a wafer style butterfly valve with pneumatic actuator, complete with solenoid valve and limit switches. A total of 33 valves and piping appurtenances, such as flexible couplings or adaptors, valve gaskets and bolts, etc. will be pre-purchased for Zone 7's installation. In addition, isolation valves will be installed between filter nos. 4 and 5 in the manifolds for the 18-inch backwash supply and the 12-inch filter-to-waste and to replace an existing backwash bypass valve. Repair/replacement of the original pipe spools will not be known until the interior cement lining and exposed steel can be inspected during the installation. Phase 2 will replace the valves in Filters 5 to 8 (total of 32 valves) within the next five years.</p>
<b>Justification</b>	<p>The valves/actuators in Filter Nos. 1 to 4 were installed with the original 18 MGD plant construction in 1974 and have reached/exceeded their useful life, i.e. three 18-inch filter valves for Filters 3 and 4 were pre-purchased in 2009 for near-term installation. Actuators have been replaced on as-needed basis and it has been necessary to raise the plant air pressure substantively from the original 80 psi to operate the actuators and valves. The isolation valves will allow future valve installation in Filter nos. 5 to 8, while maintaining production capacity via Filter Nos. 1 to 4. The valves for Filter Nos. 5 to 8 were installed in the 1988 plant expansion to 36 MGD and O&amp;M anticipates escalating maintenance costs within the next five year window.</p>
<b>Responsible Section</b>	WSE/O&M                      Water Supply Engineering/Maintenance
<b>Operating Impact</b>	Improvements will maintain plant capacity reliability, improve operational effectiveness and flexibility, and decrease valve system maintenance.
<b>In Service Date</b>	<b>Month:</b> May <b>Year:</b> 2010
<b>Total Project Cost</b>	\$490,000
<b>Source of Funds</b>	Fund 72                      Water Rates
<b>Fiscal Year 10/11</b>	Amount (\$1000) <b>\$120</b>

# Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities
<b>Project</b>	<b>DVWTP Improvements</b>
<b>Priority</b>	2
<b>Project Description</b>	<p>This project consists of three remaining improvements to be planned, designed, and constructed in-house in three project locations: (1) relocate and upgrade existing plant air system in the pipe gallery to the former potassium permanganate feed building; (2) add hood cover and ventilation exhaust fan over plant overflow/bar screen structure, located in the filter gallery; and (3) prepare engineering evaluation to identify recommended safety and access improvements for the superpulsators (clarifiers) when units are taken out-of-service for washdown, before proceeding with design improvements.</p> <p>A fourth project has been transferred to the DVWTP Chemical Systems Improvements Project and consists of replacing the plant hydropneumatic service water tank and controls. The fifth and sixth projects are scheduled for in-house installation in May 2010, included safety improvements at the flow splitter structure and a new cationic polymer system for filter-aid feed to replace an over designed system;</p>
<b>Justification</b>	<p>(1) The plant air system provides instrument air and supply for the pneumatic cylinders to operate the filter valves (except for the rate of flow controller valve); the system consists of the original components, including the air receiver and air drying system installed in 1974, and air compressors that are overdue for replacement; (2) Powdered activated carbon is used for taste and odor control and an internal draft industrial hygienist report confirmed hydrogen sulfide releases at the overflow/bar screen structure are deemed an odor nuisance to Operators working in the filter gallery. Sludge discharged from pulsators in-service will back-up into units that are out-of-service and drained. This back-up impacts the washdown of the pulsator by plant personnel.</p>
<b>Responsible Section</b>	WSE Water Supply Engineering
<b>Operating Impact</b>	Increase system reliability, reduce odor, nuisance, and improve access and safety during washdown of the pulsators.
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011
<b>Total Project Cost</b>	\$450,000
<b>Source of Funds</b>	Fund 72                      Water Rates                      100%
<b>Fiscal Year 10/11</b>	Amount (\$1000) <b>\$250</b>

## Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>DVWTP Interior Coating Improvements to the 4.5 MG Steel Clearwell</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This project involves the removal and recoating of the interior of the 4.5 MG steel clearwell at DVWTP.		
<b>Justification</b>	An inspection report of the 4.5 MG steel clearwell in November 2002 indicates that there are areas that show some evidence of blistering and holidays. However, the tank remains in relatively good condition and the underlying steel is being protected by the cathodic protection system. A new exterior coating system was completed in 2009. Due to budgetary constraints and the fair condition of the interior coating system, the interior recoating work is being deferred to FY10/11. A new cathodic protection system will be installed at that time.		
<b>Responsible Section</b>	WSE Water Supply Engineering		
<b>Operating Impact</b>	A new coating system will give better protection and prolong the useful life of the clearwell.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$1,250,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$1,250</b>	

<b>Program</b>	Water Treatment and Facilities		
<b>Project</b>	<b>Foley Road Realignment</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Extend Foley Road approximately 400 feet to connect with a realigned intersection at Vallecitos Road and Vineyard Avenue. The City of Livermore is responsible for the CEQA, design, right of way acquisition and construction for this project and Zone 7 will reimburse the city for 100% of the project cost (except right of way). The goal is to construct the Foley Road extension at the same time that the new intersection, including the traffic signals and a realigned Vineyard Avenue are being installed. Responsibilities will be finalized in an agreement between the City and Zone 7.		
<b>Justification</b>	Use of the new intersection, which will be signalized, will provide safer access to and from DVWTP for Zone 7 staff, vendors and visitors.		
<b>Responsible Section</b>	ASD            Administrative Services Division		
<b>Operating Impact</b>	Staff can use the DVWTP Access Road as primary access at all times. Currently Kalthoff Common is used for access by some staff for safety reasons.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$475,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$475</b>	



## Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>Minor Renewal/Replacement Projects</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Replacement of assets, which individually cost less than \$50K and require some engineering support.		
<b>Justification</b>	Ongoing maintenance associated with the reliable supply of high-quality water.		
<b>Responsible Section</b>	OPS	Operations & Maintenance	
<b>Operating Impact</b>	System operational reliability.		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b>	Ongoing
<b>Total Project Cost</b>	\$9,400,000 (approximately \$250K annually)		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$250</b>	

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>PPWTP Electrical Power System Upgrade</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Replacement of the main plant switchboard, motor control center (MCC) and switchgear for the plant's backwash pumps, domestic and service water pumps. The new equipment will have better reliability, better electrical fault protection and full SCADA capability.		
<b>Justification</b>	This project will ensure that the PPWTP has the ability to provide power to maintain continuous operation and meet water quality regulatory requirements. The original equipment is beyond its useful life and no spare parts area available if components were to fail.		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	Improves system reliability.		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b>	2011
<b>Total Project Cost</b>	\$950,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$700</b>	

## Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>PPWTP OSG Conversion</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Retrofit existing installation of on-site generation of sodium hypochlorite to accommodate bulk delivery of this chemical.		
<b>Justification</b>	Increasing cost of replacement parts and frequency of repairs makes the existing system less economical than when compared with purchasing bulk and have it delivered.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Significant reduction of maintenance cost and reduced energy consumption.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$180,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$182</b>	

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>PPWTP Rehabilitation of Clarifier and Replacement of Motor</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Improvement/replacement of cathodic protection system, re-coating of steel components as well as the concrete walls and floor and replacement of motor/drive mechanism.		
<b>Justification</b>	Ultrasonic x-ray and materials inspection performed in December 1999 identified that the existing cathodic system required replacement and the steel structural components along with concrete walls and floor required sand/water blasting and re-coating to prolong the service life of the facility, along with replacement of the mechanical drive since it has been in service long past its expected useful life. As a result of recent study in the Asset Management Plan and PPWTP project prioritization review, this project has been upgraded to include the full replacement of the clarifier mechanism rather than just repair of the existing clarifier. It is expected that a new, modern, clarifier mechanism will improve operational performance and reduce coagulant dosing demands.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Prolongs the facility's service life.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$1,600,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$105</b>	

## Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>PPWTP Ultrafiltration Membrane Replacement</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Replacement of ultrafiltration membranes. Although the membranes are currently functioning adequately, after several years of operation, membranes reach their useful lives and will need to be replaced at regular intervals.		
<b>Justification</b>	Several mechanisms for membrane fouling exist: absorption, pore blocking, particle deposition, and concentration polarization. As the fouling process continues, the flux through the membranes decreases. To minimize the effects of fouling, the membranes require frequent cleaning and eventually, replacement. As technology improves and/or existing membrane system become obsolete, system upgrades beyond the membranes can be expected, and these upgrades will replace this project in the CIP at that time.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Increase operating reliability and effectiveness.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$17,500,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$390</b>	

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>SCADA Enhancements</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Since the completion of Phase I of the SCADA Improvements project (May 2004 completion), there is an ongoing need for reprogramming, installation of additional devices and upgrading of the existing devices to improve the use of the SCADA system to accommodate the changes in the plant and transmission system operation. The SCADA system will also require major software and hardware upgrades about every five years.		
<b>Justification</b>	This project will enable operators to have increased control and monitoring capability of the treatment and transmission facilities using SCADA. The improvements will enhance personnel and equipment safety, and help meet regulations. The improvements will also result in increased efficiency and enable operations to fine tune the treatment and transmission process.		
<b>Responsible Section</b>	WSE                      Water Supply Engineering		
<b>Operating Impact</b>	Improved control, monitoring and reporting of process equipment through SCADA.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$24,175,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$175</b>	

## Water Rates – Renewal/Replacement

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>Well Pump, Motor and Casing Inspections</b>		
<b>Priority</b>	2		
<b>Project Description</b>	Zone 7 currently has seven production wells. This project involves annual inspection of well pumps, motors and casing and related repairs for one well.		
<b>Justification</b>	This project will improve reliability of production wells.		
<b>Responsible Section</b>	OPS	Operations & Maintenance	
<b>Operating Impact</b>	Increased operational service life of facilities thereby reducing future capital investments.		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b> Ongoing	
<b>Total Project Cost</b>	\$390,000		
<b>Source of Funds</b>	Fund 72	Water Rates	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$30</b>	

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<b>Program</b>	Building & Grounds		
<b>Project</b>	<b>Administrative &amp; Engineering Building - Sinking Fund</b>		
<b>Priority</b>	1		
<b>Project Description</b>	A new office building has been constructed for administrative and engineering staff. The new building has a larger Board Room for public meetings. The new building is located closer to the operations (treatment plants), and is more centrally located for employees and Valley residents. The move-in date was February 2005. The cost was based on "Build to Suit" option and includes lease payments. In addition to the scheduled lease payment for the new building, \$696,000 plus interest per year will be contributed to a sinking fund in order to cover the purchase cost of the building after the lease payments have been completed.		
<b>Justification</b>	This sinking fund will cover the cost to purchase the new Administrative & Engineering Building after Zone 7's 15 year lease is completed.		
<b>Responsible Section</b>	ASD Administrative Services Division		
<b>Operating Impact</b>	None.		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b> 2018	
<b>Total Project Cost</b>	\$6,495,000 for Water System (55% Water Rates & 45% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Connection Fees	35%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$369</b>	

**FUND 73  
CAPITAL EXPANSION PROJECTS  
FISCAL YEAR 2010/2011  
Summary Table**

<i>CAPITAL EXPANSION PROJECTS</i>				
Job Number	Project Title	Total Project Cost	FY 10/11 Budget	Page
<b>BUILDINGS &amp; GROUNDS</b>				
55048	North Canyons Administrative & Engineering Building Lease	\$7,836,080	\$391,000	105
<b>SUBTOTAL</b>		<b>\$7,836,080</b>	<b>\$391,000</b>	
<b>PROGRAM MANAGEMENT</b>				
55050	Capital Improvement Program Management	\$3,750,000	\$112,500	105
55010	Interest on Installment Sale Agreement	\$494,000	\$494,000	106
<b>SUBTOTAL</b>		<b>\$4,244,000</b>	<b>\$606,500</b>	
<b>TRANSMISSION AND DISTRIBUTION</b>				
96073	Transmission System Master Plan	\$1,200,000	\$25,000	106
<b>SUBTOTAL</b>		<b>\$1,200,000</b>	<b>\$25,000</b>	
<b>WATER SUPPLY AND CONVEYANCE</b>				
55060	2010 Water System Planning	\$195,000	\$97,500	107
55052	Bay-Delta Habitat Conservation Program	\$3,968,938	\$268,044	107
55106	Cawelo Groundwater Banking Program Debt Service	\$38,614,000	\$1,293,000	108
57102	Chain of Lakes Facilities and Improvements	\$43,513,000	\$325,000	108
96073	Cope Lake Facilities and Improvements	\$3,190,000	\$600,000	109
55043	CUWA Membership	\$2,160,000	\$60,000	109
55053	Delta Outreach	\$112,500	\$35,000	110
51401	Fixed Cost of Water Entitlement	\$5,680,000	\$99,000	110
51401	Fourth Contractor's Share of the SBA	\$89,261,000	\$3,100,000	111
55003	High Efficiency Toilet Rebate Program	\$433,500	\$28,000	111
55303	High-Efficiency Washing Machine Rebate Program	\$707,500	\$75,000	112
96073	Hydrostratigraphic Investigation of Chain of Lakes	\$273,000	\$252,200	112
51410	Semitropic Stored Water Recovery Unit	\$1,536,000	\$48,000	113
55037	South Bay Improvement and Enlargement Project	\$250,520,000	\$12,463,000	114
51408	SWP Peaking Payment (Lost Hills & Bellridge Water Districts)	\$6,936,000	\$66,000	114
55300	Water Conservation Best Management Practices	\$1,574,500	\$25,000	115
<b>SUBTOTAL</b>		<b>\$448,674,938</b>	<b>\$18,834,744</b>	
<b>WATER TREATMENT FACILITIES</b>				
96073	Water Quality Management Program	\$1,382,500	\$23,000	115
<b>SUBTOTAL</b>		<b>\$1,382,500</b>	<b>\$23,000</b>	
<b>WELLS</b>				
96073	Well Master Plan Wells - Future Phases	\$60,435,000	\$316,000	116
<b>SUBTOTAL</b>		<b>\$60,435,000</b>	<b>\$316,000</b>	
<b>EXPANSION PROJECT TOTAL</b>		<b>\$523,772,518</b>	<b>\$20,196,244</b>	
<b>CONTINGENCY</b>				
96173	Contingency Funds		\$500,000	
<b>SUBTOTAL</b>		<b>\$0</b>	<b>\$500,000</b>	
<b>EXPANSION PROGRAM SUBTOTAL</b>		<b>\$523,772,518</b>	<b>\$20,696,244</b>	
<b>EXPANSION SINKING FUNDS</b>				
96073	Administrative & Engineering Building - Sinking Fund	\$6,495,000	\$33,619	116
96073	Fourth Contractor's Share of the SBA - Sinking Fund	\$4,307,200	\$16,038	117
96073	South Bay Aqueduct Improvement & Enlargement - Sinking Fund	\$39,926,000	\$129,897	130
<b>SUBTOTAL</b>		<b>\$50,728,200</b>	<b>\$179,554</b>	
<b>CAPITAL EXPANSION PROGRAM TOTAL</b>		<b>\$574,500,718</b>	<b>\$20,875,798</b>	

## Connection Fees - Expansion

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<b>Program</b>	Building & Grounds	
<b>Project</b>	<b>North Canyons Administrative &amp; Engineering Building Lease</b>	
<b>Priority</b>	2	
<b>Project Description</b>	A new office building for administrative and engineering staff was completed in February 2005. The new building has a larger Board Room for public meetings. The new building is located closer to operations (treatment plants), and is more centrally located for employees and Valley residents. The move-in date was February 22, 2005. The total project cost is based on a "Build to Suit" option and includes the 15-year lease payments.	
<b>Justification</b>	Engineering, administrative and operations staff were at different locations. This project has brought administrative and engineering staff together and will bring both closer to operations. This project also accommodates future expansion. It will reduce overall agency travel times, improve communications and staff productivity	
<b>Responsible Section</b>	ASD Administrative Services Division	
<b>Operating Impact</b>	Provides for more efficient and effective operations of administrative and engineering functions. Provides for secure Emergency Operations Center (EOC), as the new building meets strictest building and safety codes.	
<b>In Service Date</b>	<b>Month:</b> February	<b>Year:</b> 2020
<b>Total Project Cost</b>	\$14,000,000 for Water System (55% Water Rates & 45% Connection Fees)	
<b>Source of Funds</b>	Fund 73	Connection Fees 45%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$391</b>

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<b>Program</b>	Program Management	
<b>Project</b>	<b>Capital Improvement Program Management</b>	
<b>Priority</b>	2	
<b>Project Description</b>	Ongoing program management of the Capital Improvement Plan.	
<b>Justification</b>	Provides for better tracking of program management costs.	
<b>Responsible Section</b>	WSE Water Supply Engineering	
<b>Operating Impact</b>	None	
<b>In Service Date</b>	Ongoing	
<b>Total Project Cost</b>	\$4,893,000 (20% Water Rates; 45% Connection Fees ;and 5% Stormwater Drainage Fees)	
<b>Source of Funds</b>	Fund 73	Connection Fees 75%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$113</b>

## Connection Fees - Expansion

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<b>Program</b>	Program Management		
<b>Project</b>	<b>Interest on Installment Sale Agreement</b>		
<b>Priority</b>	1		
<b>Project Description</b>	In January 2008, Zone 7 opened a \$60M Installment Sale Agreement (ISA) with Wells Fargo to provide a supplemental source of funding for the Expansion program. The payment provisions of the ISA have been structured to operate similar to a line of credit. In February 2009, Zone 7 drew \$32M from this ISA. This item includes an estimated unused portion fee of .5% on the unused balance of \$28M and an estimated 1.5% on the used portion of \$32M.		
<b>Justification</b>	The ISA is needed to supplement connection fee revenue, which is the primary source of funding for the Expansion program.		
<b>Responsible Section</b>	ASD Administrative Services Division		
<b>Operating Impact</b>	None		
<b>In Service Date</b>	<b>Month:</b> January	<b>Year:</b> 2014	
<b>Total Project Cost</b>	\$494,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$494</b>	

<b>Program</b>	Transmission & Distribution		
<b>Project</b>	<b>Transmission System Master Plan</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This program involves a comprehensive effort to define renewal/replacement and improvement projects needed for the transmission system in order to meet existing and future water demands. This program involves an integration of all aspects of transmission system planning, including the Asset Management Program (AMP), corrosion master planning, hydraulic modeling, etc. Comprehensive updates to the Transmission System Master Plan will occur every five-years.		
<b>Justification</b>	Establish transmission system sustainability and increase operational/maintenance efficiencies and ensure that Zone 7 meets its goals and objectives to its retailers for existing and future demands, all in a cost-effective manner.		
<b>Responsible Section</b>	WSE Water Supply Engineering		
<b>Operating Impact</b>	Increase operational/maintenance efficiency.		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b> Ongoing	
<b>Total Project Cost</b>	\$4,800,000 (75% Water Rates and 25% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Connection Fees	25%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$25</b>	

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance	
<b>Project</b>	<b>2010 Water System Planning</b>	
<b>Priority</b>	1	
<b>Project Description</b>	The 2010 Water System Planning project includes water supply and water facilities planning to meet projected build out demands. The first task will be to evaluate the existing system capability to meet existing polices and other existing criteria. The second task will be to identify potential supplies and policies. The third task will be to develop portfolios and policies for screening and analysis. The fourth task will include detailed analysis, comparison of the select porfolios and recomendations.	
<b>Justification</b>	The last major Zone 7 water supply and facilities planning effort was completed in 2000. A lot has changed since then, such as State Water Project reliability and demand projections. The goal of this effort is to perform analysis of the existing water suppllies and facilities, indentify, analyze and recommend alternatives.	
<b>Responsible Section</b>	WSE                      Water Supply Engineering	
<b>Operating Impact</b>	Improved system reliability.	
<b>In Service Date</b>	<b>Month:</b> December <b>Year:</b> 2010	
<b>Total Project Cost</b>	\$300,000 (35% Water Rates and 65% Connection Fees)	
<b>Source of Funds</b>	Fund 73	Connection Fees                      65%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$98</b>

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<b>Program</b>	Water Supply & Conveyance	
<b>Project</b>	<b>Bay-Delta Conservation Plan</b>	
<b>Priority</b>	2	
<b>Project Description</b>	Zone 7's proportional share of expenditures in support of the development of the Bay Delta Conservation Plan.	
<b>Justification</b>	Develops a long-term plan for the Delta that ensures water supply reliability in the future through continued use of the Delta as a conveyance system for water imported from the Sierra Nevada. The Delta as a conveyance is threatened by fragile levees, siesmic risk, climate change and environmental regulatory uncertainties.	
<b>Responsible Section</b>	OGM                      Office of the General Manager	
<b>Operating Impact</b>	Improved reliability.	
<b>In Service Date</b>	Ongoing	
<b>Total Project Cost</b>	\$15,875,750 (75% Water Rates and 25% Connection Fees)	
<b>Source of Funds</b>	Fund 73	Connection Fees                      25%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$268</b>



## Connection Fees - Expansion

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<b>Project Priority Project Description</b>	<b>Cawelo Groundwater Banking Program Debt Service</b> 1 The purpose of this project is to help maintain the Water Supply Reliability Policy of meeting 100% of the treated water demands at all times. Current drought protection measures (water purchases/Semitopic storage) provide 100% water reliability until the year 2013. This groundwater banking program with the Cawelo Water District (a member unit of the Kern County Water Agency with a SWP water supply) will include a wellfield that would ensure an anticipated recovery of up to 15,000 - 20,000 afa in a dry year, and a total Zone 7 storage of up to 120,000 acre-feet. The total cost of the program is \$23 million, with Zone 7's share being \$19 million. Cawelo will finance this program. The debt service would be over a 30-year period at a 5% interest.
<b>Justification</b>	Increase reliability by providing additional water supplies during drought years.
<b>Responsible Section Operating Impact</b>	WSE Water Supply Engineering Increased operational reliability.
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2034
<b>Total Project Cost</b>	\$38,614,000
<b>Source of Funds</b>	Fund 73 Connection Fees 100%
<b>Fiscal Year 10/11</b>	Amount (\$1000) <b>\$1,293</b>

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<b>Project Priority Project Description</b>	<b>Chain of Lakes Facilities and Improvements</b> 2 This project consists of the development, design, and implementation of improvements and facilities at the various lakes for the purposes of water storage and groundwater recharge. It includes improvements such as fences, access roads, slope grading and landscaping. It also includes inspections and the construction of recharge monitoring pizometers and installation of equipment such as flow meters, water level meters, and controls. Planning, design, and implementation of specific projects will be broken out of this "parent" budget; however, studies and improvements necessary for specific uses (i.e., flood detention or recycled water storage) at Cope Lake shall be funded from a separate project.
<b>Justification</b>	Zone 7 took possession of Lake I and Cope Lake in 2003 and awaits the transfer of Lake H. Additional lakes will become available to us in the future and the need/scope of improvements and facilities will have to be accessed. These lakes are integral components of Zone 7's future water storage and groundwater recharge operations as identified in the Water Supply Planning Study (February 1999). The plans and improvements provided by this project are necessary for the operation and maintenance of these important facilities.
<b>Responsible Section Operating Impact</b>	GP Groundwater Protection Increase of water supply reliability. Increased O&M costs
<b>In Service Date</b>	<b>Month:</b> December <b>Year:</b> 2030
<b>Total Project Cost</b>	\$43,513,000
<b>Source of Funds</b>	Fund 73 Connection Fees 100%
<b>Fiscal Year 10/11</b>	Amount (\$1000) <b>\$325</b>

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>Cope Lake Facilities and Improvements</b>		
<b>Priority</b>	2		
<b>Project Description</b>	<p>This project provides for the development, design, and implementation of various improvements at Cope Lake, which are to be accomplished in a “phased-in” approach. Near-term, it provides for the laying back of over-steepened slopes, drainage improvements, and minor road grading, particularly along the eastern side of the lake to prevent total loss of the eastern bench. Phase 2 includes additional slope stabilization and wave-erosion measures, and maintenance road improvements necessary to maintain the integrity of the lakes shoreline during future water management operations.</p>		
<b>Justification</b>	<p>Zone 7 accepted Cope Lake from Hanson Aggregates in 2003 in an “as is” condition, and without a warranty. During the years that followed: ground cracking and ‘piping’ have developed along the eastern margins of the property; portions of the concrete rubble placed by Hanson to prevent wave-erosion has slide into the lake; and the access road along the eastern bench has become impassable due to mass wasting from the slopes above. Without repair and certain drainage improvements, the bench on which the access road is located will likely slide into the lake and may become un-repairable for use as a base for an access road (Miller Pacific Engineers Group, 2009). In the future, when Cope Lake water levels are “operated” for flood control and/or water supply as currently planned, the lake margins will require additional improvements so their integrity</p>		
<b>Responsible Section</b>	GP Groundwater Protection		
<b>Operating Impact</b>	Protection of asset, and reduction of future facility maintenance and repairs. Potential increase of water supply and flood control reliability.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2014		
<b>Total Project Cost</b>	\$3,190,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$600</b>	
<hr/>			
<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>CUWA Membership</b>		
<b>Priority</b>	1		
<b>Project Description</b>	<p>This expenditure is for the California Urban Water Agencies (CUWA) annual membership dues (\$60,000/year) and various Zone 7 staff members will participate with four standing CUWA committees: 1. Technical Advisory &amp; Oversight, 2. Water Quality, 3. Water Conservation, and 4. Planning.</p>		
<b>Justification</b>	<p>CUWA membership and technical studies will complement on-going Delta studies, which are intended to maintain and improve Delta water quality and reliability, even as Delta exports increase.</p>		
<b>Responsible Section</b>	WSE Water Supply Engineering		
<b>Operating Impact</b>	Increased reliability and water quality.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	2,1600,00		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$60</b>	

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>Delta Outreach Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Public outreach campaign to educate Bay Area residents and leaders of the region's reliance on the Delta for water supply reliability and water quality.		
<b>Justification</b>	Develops local and regional San Francisco Bay Area support for Delta improvements to meet the challenges of the Delta as a conveyance system to import water from Nevada Sierra. The system is threatened by fragile levees, seismic risk, climate change and environmental regulatory uncertainty.		
<b>Responsible Section</b>	OGM	Office of the General Manager	
<b>Operating Impact</b>	Improved reliability		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$450,000 (75% Water Rates and 25% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Connection Fees	25%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$35</b>	

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<b>Project</b>	<b>Fixed Cost of Water Entitlement</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Pay a portion of the fixed cost for purchase of 24,619 acre-feet of additional SWP entitlements, purchased via Amendments 19, 20, 21, 23, and 25 to Zone 7's SWP water supply contract.		
<b>Justification</b>	These purchases were required to meet Zone7's long-term water supply needs, and thus allow Zone 7 to continue to meet its treated and untreated water customer demands. Expansion will pay declining amount over a ten-year period of the fixed SWP costs associated with water acquisitions that have not been used.		
<b>Responsible Section</b>	WSE	Water Supply Engineering	
<b>Operating Impact</b>	Increased operation and maintenance.		
<b>In Service Date</b>	<b>Month:</b> June	<b>Year:</b> 2013	
<b>Total Project Cost</b>	\$5,680,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$99</b>	

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>Fourth Contractor's Share of the SBA</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Zone 7 contracted to purchase 22,000 AFA of previously-unallocated capacity in the South Bay Aqueduct under Amendments 19 and 20 to its water supply contract with DWR. The annual cost is \$2,690,000, of which 73% will be funded by Property Taxes and the remaining 27% will be funded by Dougherty Valley through Connection Fees.		
<b>Justification</b>	Purchase of this unallocated share of the SBA was to allow Zone 7 to meet the water supply and peaking needs of new customers.		
<b>Responsible Section</b>	WSE      Water Supply Engineering		
<b>Operating Impact</b>	The purchases were required to meet Zone 7's long-term water supply needs, and thus allow Zone 7 to continue to meet its treated and untreated water customer demands.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2035		
<b>Total Project Cost</b>	\$89,261,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$3,100</b>	

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>High Efficiency Toilet Rebate Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	This program encourages the replacement of existing high-water-using toilets with high-efficiency toilets (HET) that use 1.28 gallons or less per flush in residential dwelling by offering homeowners a \$150 rebate for installation of a HET.		
<b>Justification</b>	This program replaces existing high-water-using toilets with HETs. The estimated water savings from an HET is on the order of 48 gallons/day.		
	The toilet rebate program is a water conservation BMP that Zone 7 implements in conjunction with its retailing water agencies.		
<b>Responsible Section</b>	OGM              Office of the General Manager		
<b>Operating Impact</b>	Decreased potable water demands.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$1,929,000 (75% Water Rates and 25% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Connection Fees	25%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$28</b>	

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>High-Efficiency Washing Machine Rebate Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	This program encourages the purchase and installation of high-efficiency washing machines by offering buyers from \$75 to \$200 rebates. New regulations will require all washers to be energy-efficient.		
<b>Justification</b>	Studies show that approximately 20% of a household's water is used by washing machines. High-efficiency washing machines use about 40% less water per load. This could lead to an annual water savings of approximately 5,100 gallons per machine.		
<b>Responsible Section</b>	OGM                      Office of the General Manager		
<b>Operating Impact</b>	Decreased potable water demands.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$1,251,000 (75% Water Rates and 25% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Connection Fees	25%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$75</b>	

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<b>Program</b>	Water Supply and Conveyance		
<b>Project</b>	<b>Hydrostratigraphic Investigation of COL - Local Groundwater Assistance Grant</b>		
<b>Priority</b>	2		
<b>Project Description</b>	This project provides installation of one exploratory borehole, borehole logging, and installation of nested monitoring wells west of future Lakes C and D to investigate whether these quarry pits could function as groundwater recharge basins when they are conveyed to Zone 7. Hydrostratigraphic cross-sections will be prepared and various aquifer pumping tests will be performed to verify connectivity of hydrostratigraphic units intersected by the quarry pit and wells.		
<b>Justification</b>	This project was accepted by DWR for a Local Groundwater Assistance (LGA) grant funded by Proposition 84. The results of this investigation will be used to evaluate the viability of using future Lakes C and D to percolate surface water and recharge aquifers tapped by down-gradient municipal supply wells. This information is needed for planning of future COL facilities and operations.		
<b>Responsible Section</b>	GPP                      Groundwater Protection and Projects		
<b>Operating Impact</b>	Will likely have bearing on future groundwater recharge operations.		
<b>In Service Date</b>	<b>Month:</b> May <b>Year:</b> 2011		
<b>Total Project Cost</b>	\$273,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	\$250K to be reimbursed by a DWR LGA Grant
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$252</b>	

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance	
<b>Project</b>	<b>Semitropic Stored Water Recovery Unit</b>	
<b>Priority</b>	1	
<b>Project Description</b>	<p>Staffs of the Semitropic Water Storage District and Zone 7 have finalized the amendment to the Semitropic Banking Program agreement that will provide for additional recovery capacity. On February 18, 2004, the Zone 7 Board approved Zone 7's participation in its proportional share (6.5%) of the Stored Water Recovery Unit (SWRU) project. Under the proposed amendment, Zone 7's minimum recovery capacity will increase by 3,250 acre-feet/year (from 5,850 afy to 9,100 afy). This will reduce our dry-year shortfall at build-out to about 2,000 acre-feet.</p> <p>Zone 7's cost share of the SWRU project will be about \$1.04 million. The total cost of the SWRU project consists of about \$10.5 million for a 120-inch pipeline from Semitropic to the California Aqueduct and about \$5.5 million for new wells and conveyance enhancements to the Semitropic water system. The \$10.5 million pipeline portion of the SWRU project will be financed by 30-year bonds (5.266% bond sale interest rate), which debt service will be passed on to Zone 7 as annual payments.</p>	
<b>Justification</b>	Increase reliability by providing additional water supplies during drought years.	
<b>Responsible Section</b>	WSE Water Supply Engineering	
<b>Operating Impact</b>	Increased operational reliability.	
<b>In Service Date</b>	<b>Month:</b> April <b>Year:</b> 2033	
<b>Total Project Cost</b>	\$1,536,000 (48,000 Per Year)	
<b>Source of Funds</b>	Fund 73	Connection Fees 100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$48</b>

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>South Bay Aqueduct Improvement &amp; Enlargement Project</b>		
<b>Priority</b>	1		
<b>Project Description</b>	<p>SBA improvements by the California Department of Water Resources (DWR) that will convey for Zone 7 an additional 130 cubic feet per second (cfs) through Reach 1 and 80 cfs through Reaches 2 through 4. Improvements include an expanded South Bay Pumping Plant, third (parallel) Brushy Creek Pipeline, raised linings on open channel sections, replacement of 54-inch pipe under I-580 with 78-inch pipe (completed 3/02), application of hydraulically smoother elastomeric polyurethane lining on the Altamont Pipeline (completed 3/02), enlarged Patterson Reservoir, and new 425 acre-foot raw water reservoir (Dyer Reservoir) located near Dyer Road and future Altamont Water Treatment Plant. Note that Amendment No. 24 of Zone 7's water supply contract with DWR allows for debt financing of the SBA Improvement &amp; Enlargement Project by DWR. Annual repayment by Zone 7 is expected to begin in 2006 and end in 2036. To ensure there is adequate funding available to repay debt after buildout occurs (2025), a sinking fund has been established. This sinking fund will fund the remainder of the debt from 2026 to 2036. The costs shown reflect the actual repayment of the debt plus interest.</p>		
<b>Justification</b>	As identified in the 1999 Water Supply Master Plan and 2001 Water Conveyance Study, provides for long-term Zone 7 raw water conveyance capacity through planned service-area build-out.		
<b>Responsible Section</b>	WSE Water Supply Engineering		
<b>Operating Impact</b>	Provides for enhanced long-term water supply, reliability and flexibility.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$250,520,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$12,463</b>	

<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>SWP Peaking Payment (Lost Hills &amp; Belridge Water Districts)</b>		
<b>Priority</b>	1		
<b>Project Description</b>	<p>Zone 7 agreed to pay Lost Hills &amp; Belridge Water Districts the extra SWP peaking payment when we acquired their SWP Table A amounts based on DWR billings to Kern County Water Agency (and to thus these 2 member agencies) Annual peaking commitment is approximately \$265,000).</p>		
<b>Justification</b>	Reliability of water supply.		
<b>Responsible Section</b>	WSE Water Supply Engineering		
<b>Operating Impact</b>	Extra peaking allows Zone 7 to deliver or store additional water when available in the SWP system.		
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2035		
<b>Total Project Cost</b>	\$6,936,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$66</b>	

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>Water Conservation Best Management Practices</b>		
<b>Priority</b>	1		
<b>Project Description</b>	This program includes financial & technical support for our retailers' conservation efforts; support & incentives to improve large landscape water efficiency; and public information & school education programs promoting water conservation.		
<b>Justification</b>	Reduce long-term water demands by promoting Best Management Practices (BMPs) that encourage wise and efficient use of water. Zone 7 studies show that per capita water use in our service area is declining, thus illustrating the effectiveness of our program.		
<b>Responsible Section</b>	EPA Environmental and Public Affairs		
<b>Operating Impact</b>	Decreased potable water demands and increase system reliability.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$4,300,000 (75% Water Rates and 25% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Connection Fees	25%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$25</b>	

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<b>Program</b>	Water Treatment Facilities		
<b>Project</b>	<b>Water Quality Management Program</b>		
<b>Priority</b>	1		
<b>Project Description</b>	A comprehensive water quality management program and implementation plan (Water Quality Management Plan) was completed in April 2003. This plan addresses water quality concerns of customers and community. It has lead to the Board adoption of policies that address specific water quality goals and objectives that meet internal (Zone 7) and customer and end user needs. This ongoing program will be one component of Zone 7's overall master planning process. It will help guide both our water system operations and our Capital Improvement Program (CIP) over the next 20 years. It is expected that a comprehensive plan update will be developed every two years.		
<b>Justification</b>	Will assist the Zone 7 Board of Directors in determining policies to effectively manage treated and untreated water quality issues. Will provide guidance to Zone 7's water operations, help establish capital facilities needs and design guidelines, and incorporate a funding strategy.		
<b>Responsible Section</b>	WQ Water Quality		
<b>Operating Impact</b>	Will provide clear operational guidelines. Potential additional treatment and blending facilities to operate.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$6,298,000 (75% Water Rates; 25% Connection Fees)		
<b>Source of Funds</b>	Fund 73	Connection Fees	25%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$23</b>	



## Connection Fees - Expansion

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<b>Program</b>	Wells
<b>Project</b>	<b>Well Master Plan Wells, Future Phases</b>
<b>Priority</b>	2
<b>Project Description</b>	This project involves planning for the construction of four new municipal water supply wells in the wellfield to meet Zone 7's M&I drought reliability goal through build-out.
<b>Justification</b>	This project is required to maintain sufficient Zone 7 well capacity for Zone 7 to meet 100% of its M&I customers' projected future needs, even during worse-case drought conditions, as established in Zone 7 Resolution 02-2382. As additional benefits, these wells will provide Zone 7 with better abilities to manage groundwater levels, groundwater flow, dissolved salt build-up/removal, delivered water quality blending, and peak-day demands.
<b>Responsible Section</b>	WSE/GP      Water Supply Engineering/Groundwater Protection
<b>Operating Impact</b>	Increased cost associated with additional maintenance, power and chemicals estimated at \$80,000/year.
<b>In Service Date</b>	<b>Month:</b> June <b>Year:</b> 2020
<b>Total Project Cost</b>	\$60,435,000
<b>Source of Funds</b>	Fund 73                      Connection Fees                      100%
<b>Fiscal Year 10/11</b>	Amount (\$1000) <b>\$316</b>

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<b>Program</b>	Building & Grounds
<b>Project</b>	<b>Administrative &amp; Engineering Building - Sinking Fund (Interest Only)</b>
<b>Priority</b>	1
<b>Project Description</b>	A new office building has been constructed for administrative and engineering staff. The new building has a larger Board Room for public meetings. The new building is located closer to the operations (treatment plants), and is more centrally located for employees and Valley residents. The move-in date was February 2005. The cost was based on "Build to Suit" option and includes lease payments. In addition to the scheduled lease payment for the new building, \$696,000 plus interest per year will be contributed to a sinking fund in order to cover the purchase cost of the building after the lease payments have been completed.
<b>Justification</b>	This sinking fund will cover the cost to purchase the new Administrative & Engineering Building after Zone 7's 15 year lease is completed.
<b>Responsible Section</b>	ASD    Administrative Services Division
<b>Operating Impact</b>	None.
<b>In Service Date</b>	<b>Month:</b> <b>Year:</b> 2018
<b>Total Project Cost</b>	\$6,495,000 for Water System (55% Water Rates & 45% Connection Fees)
<b>Source of Funds</b>	Fund 73                      Connection Fees                      35%
<b>Fiscal Year 10/11</b>	Amount (\$1000) <b>\$34</b>

## Connection Fees - Expansion

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>Future Contractor's Share of the SBA - Sinking Fund (Interest Only)</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Zone 7 contracted to purchase 22,000 afa of previously-unallocated capacity in the South Bay Aqueduct under Amendments 19 and 20 to its contract with the Department of Water Resources. In addition to the schedule payment for the 22,000 afa, Zone 7 contributes \$196,000 plus interest per year into a sinking fund (beginning FY 2004/05) until FY 2024/25, in order to cover contractual costs from the year 2026 to 2035. The annual contributions to the sinking fund will be funded by Connection Fees.		
<b>Justification</b>	This sinking fund is to cover contractual costs from the year 2026 to 2035.		
<b>Responsible Section</b>	WSE Water Supply Engineering		
<b>Operating Impact</b>	None.		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b> 2024	
<b>Total Project Cost</b>	\$4,307,200 (\$196,000 plus interest per year)		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$16</b>	

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<b>Program</b>	Water Supply & Conveyance		
<b>Project</b>	<b>South Bay Aqueduct Improvement &amp; Enlargement Project - Sinking Fund (Interest only)</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Zone 7 contracted to purchase 22,000 afa of previously-unallocated capacity in the South Bay Aqueduct under Amendments 19 and 20 to its contract with the Department of Water Resources. In addition to the schedule payment for the 22,000 afa, Zone 7 contributes \$196,000 plus interest per year into a sinking fund (beginning FY 2004/05) until FY 2024/25, in order to cover contractual costs from the year 2026 to 2035. The annual contributions to the sinking fund will be funded by Connection Fees.		
<b>Justification</b>	Note that Amendment No. 24 of Zone 7's water supply contract with DWR allows for debt financing of the SBA Improvement & Enlargement Project by DWR. Annual repayment by Zone 7 is expected to begin in 2006 and end in 2036. To ensure there is adequate funding available to repay debt after buildout occurs (2025), a sinking fund has been established. This sinking fund will fund the remainder of the debt from 2026 to 2036. The costs shown reflect the actual repayment of the debt plus interest. Note the sinking fund cost is separate from the SBA Improvement & Enlargement Project cost.		
<b>Responsible Section</b>	WSE Water Supply Engineering		
<b>Operating Impact</b>	None		
<b>In Service Date</b>	<b>Month:</b>	<b>Year:</b> 2024	
<b>Total Project Cost</b>	\$39,926,000		
<b>Source of Funds</b>	Fund 73	Connection Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$130</b>	

**FUND 76**  
**FLOOD PROTECTION AND STORMWATER DRAINAGE FUND**  
**FISCAL YEAR 2010/2011**  
**Summary Table**

<i>FLOOD PROTECTION AND STORM WATER DRAINAGE PROJECTS</i>				
Job Number	Project Title	Total Project Cost	FY 10/11 Budget	Page
<b>BUILDINGS &amp; GROUNDS</b>				
61154	North Canyons Administrative & Engineering Building Lease	\$1,647,193	\$111,000	119
	<b>SUBTOTAL</b>	<b>\$1,647,193</b>	<b>\$111,000</b>	
<b>FLOOD CONTROL FACILITIES</b>				
96076	Arroyo de la Laguna Improvements	\$1,325,000	\$1,325,000	119
96076	Channel Restoration (R1-7 & R8-3)	\$412,500	\$412,500	120
61557	Flows Studies – Steelhead Restoration	\$237,000	\$25,000	120
96076	Stream Gaging/Sediment	\$162,500	\$162,500	121
	<b>SUBTOTAL</b>	<b>\$2,137,000</b>	<b>\$1,925,000</b>	
<b>PROGRAM MANAGEMENT</b>				
61156	Capital Improvement Program Management	\$250,000	\$7,500	121
96076	Development Impact Fee Program Update	\$1,475,000	\$1,475,000	122
61000	Flood Protection General Administration	\$100,000	\$100,000	122
61145	SMMP/STREAMWISE	\$350,000	\$350,000	123
	<b>SUBTOTAL</b>	<b>\$2,175,000</b>	<b>\$1,932,500</b>	
<b>TOTAL CAPITAL PROJECTS</b>		<b>\$5,959,193</b>	<b>\$3,968,500</b>	
<b>CONSULTING &amp; OTHER COSTS</b>				
96076	Consulting & Other Costs		\$125,000	
	<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$125,000</b>	
<b>FUND 76 SUBTOTAL</b>		<b>\$5,959,193</b>	<b>\$4,093,500</b>	
<b>SINKING FUNDS</b>				
96076	Administrative & Engineering Building - Sinking Fund	\$1,112,391	\$81,950	123
	<b>SUBTOTAL</b>	<b>\$1,112,391</b>	<b>\$81,950</b>	
<b>FUND 76 TOTAL</b>		<b>\$7,071,584</b>	<b>\$4,175,450</b>	

## Fund 76 – Flood Protection and Stormwater Drainage Fund

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<b>Program</b>	Building & Grounds		
<b>Project</b>	<b>North Canyons Administrative &amp; Engineering Building Lease</b>		
<b>Priority</b>	2		
<b>Project Description</b>	A new office building for administrative and engineering staff was completed in February 2005. The new building has a larger Board Room for public meetings, is located closer to operations (treatment plants), and is more centrally located for employees and Valley residents. The move-in date was February 22, 2005. The total project cost is based on a "Build to Suit" option and includes the 15-year lease payments.		
<b>Justification</b>	Engineering, administrative and operations staff were at different locations. This project has brought administrative and engineering staff together and will bring both closer to operations. This project also accommodates future expansion. It will reduce overall agency travel times, improve communications and staff productivity		
<b>Responsible Section</b>	ASD	Administrative Services Division	
<b>Operating Impact</b>	Provides for more efficient and effective operations of administrative and engineering functions. Provides for secure Emergency Operations Center (EOC), as the new building will meet strictest building and safety codes.		
<b>In Service Date</b>	<b>Month</b> February	<b>Year</b>	2020
<b>Total Project Cost</b>	\$1,647,193		
<b>Source of Funds</b>	Fund 76	Flood Protection and Storm Water Drainage Fees	10%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$111</b>	

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<b>Program</b>	Flood Protection Facilities		
<b>Project</b>	<b>Arroyo de la Laguna Improvements</b>		
<b>Priority</b>	1		
<b>Project Description</b>	Further evaluation of projects identified Zone 7's Stream Management Master Plan (SMMP) have been undertaken to identify potential project sites along the arroyo and suggest options for addressing the challenges of this dynamic stream system. As a part of continued evaluation, discussions with land owners, additional data collection, and project level surveys and studies, including environmental reviews, need to be carried out to provide more detailed information for the purposes of evaluating design parameters and construction options. This project is to evaluate and address the deficiencies of Arroyo de la Laguna downstream of Bernal Avenue. It also includes providing habitat enhancements to abate environmental impacts and bank stabilization to limit erosion.		
<b>Justification</b>	The improvement of Arroyo de la Laguna facility system is needed to adequately handle the anticipated flows from a fully developed watershed and improve the drainage conveyance system. Currently, there is inadequate funding for the improvement of Arroyo de la Laguna. Partnering with local landowners, non-profits, creek organizations, and State and Federal agencies are being examined to find creative solutions to address the deficiencies of the Arroyo de la Laguna. Zone 7 is also exploring grant opportunities jointly and separately to fund portions of the anticipated projects identified through this effort.		
<b>Responsible Section</b>	FCE	Flood Control Engineering	
<b>Operating Impact</b>	Potentially increases flood control facilities and may increase on-going maintenance costs.		
<b>In Service Date</b>	<b>Month</b> June	<b>Year</b>	2014
<b>Total Project Cost</b>	\$1,325,000		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$1,325</b>	

## Fund 76 – Flood Protection and Stormwater Drainage Fund

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<b>Program</b>	Flood Protection Facilities		
<b>Project</b>	<b>Channel Restoration (R1-7 &amp; R8-3)</b>		
<b>Priority</b>	1		
<b>Project Description</b>	<p>Projects R.1-7 (Arroyo Las Positas near N. Vasco Rd) and R.8-3 (Lower Arroyo Mocho) were identified in the Stream Management Master Plan (SMMP) as having certain deficiencies. Each of these locations has the potential to provide enhanced riparian corridors in addition to addressing channel deficiencies. The scope and scale of the project will depend on which, if either, of these locations warrants restoration during the fiscal year. Outside factors may govern which project moves forward, if at all during the funding forecast of this CIP. <b>Project R.1-7:</b> Project site R1-7 is a remnant parcel along the Arroyo Las Positas and is currently owned by the road department of Alameda County. Zone 7 has been notified that the road department desires to deed the subject property to Zone 7 during fiscal year 2010-2011. In anticipation of this action, a potential project proposal is being prepared to address the channel deficiencies and explore restoration options. <b>Project R.8-3:</b> Project site R.8-3 is wholly owned by Zone 7 in fee and contains the confluence of the Arroyo Mocho and Arroyo de la Laguna. This reach could potentially be recontoured to provide additional capacity and an enhanced riparian corridor. Zone 7 is exploring grant opportunities and other funding options for this reach.</p>		
<b>Justification</b>	<p>Zone 7 has been notified by Alameda County that the area identified in the SMMP as R.1-7 is available for transfer of fee title to Zone 7 from the road department, but would be unimproved. The reaches of the Arroyo Las Positas immediately up and down stream from this site have been previously improved, so this parcel would be an undersized remnant and a bottle-neck in the system.</p> <p>In late 2009, Zone 7 was approached by Caltrans and the Urban Creeks Council about the potential to create a restoration site at project location R.8-3. Caltrans has needs for mitigation site throughout the upper Alameda Creek watershed and is considering several sites. Further evaluation regarding channel configuration, capacity changes, riparian and recreational enhancements still need to be evaluated.</p>		
<b>Responsible Section</b>	FCE	Flood Control Engineering	
<b>In Service Date</b>	<b>Month</b>	<b>Year</b>	
<b>Total Project Cost</b>			
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$413</b>	

<b>Program</b>	Flood Protection Facilities		
<b>Project</b>	<b>Flows Studies – Steelhead Restoration</b>		
<b>Priority</b>	1		
<b>Project Description</b>	<p>A Memorandum of Understanding (MOU) was approved by the 17 members of the Alameda Creek Fisheries Restoration Workgroup (Workgroup), and signed by Zone 7, in 2006. The recommendations from the Workgroup's efforts will provide the participants with a common basis for determining appropriate impact mitigation for projects such as our future SMMP projects, and also could spur opportunities for partnering on mitigation projects. Amendment no 1 to the current MOU was executed to provide additional work in conjunction with NMFS to assist in the preparation of their Steelhead Recovery Plan</p>		
<b>Justification</b>	<p>The primary benefit of this collaborative fisheries restoration framework for participating agencies is regulatory assurance and protection from potentially violating provisions of the Endangered Species Act in the course of operations and maintenance in the watershed.</p>		
<b>Responsible Section</b>	OGM	Office of the General Manager	
<b>In Service Date</b>	<b>Month</b> June	<b>Year</b>	2010
<b>Total Project Cost</b>	237,000		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$25</b>	

## Fund 76 – Flood Protection and Stormwater Drainage Fund

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<b>Program Project Priority</b>	Flood Protection Facilities <b>Stream Gaging/Sediment</b>		
<b>Project Description</b>	To develop a District-wide stream gaging program and sediment transport model program for the streams in the Zone 7 service area.		
<b>Justification</b>	As a part of the Development Impact Fee Program update, staff will be updating technical studies/modeling in the areas of hydrology, hydraulic, geomorphology, sediment transport, and an environmental assessment. Additional stream gage data would enhance the accuracy of the existing hydrology model and the projected statistical model for the build-out condition. A sediment transport model would work in a similar manner.		
<b>Responsible Section</b>	FCE	Flood Control Engineering	
<b>In Service Date</b>	<b>Month</b>	June	<b>Year</b> 2010
<b>Total Project Cost</b>	\$163,000		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$163</b>	

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<b>Program Project Priority</b>	Program Management <b>Capital Improvement Program Management</b> 2		
<b>Project Description</b>	Ongoing program management of the Capital Improvement Plan.		
<b>Justification</b>	Provides for better tracking of program management costs.		
<b>Responsible Section Operating Impact</b>	WSE	Water Supply Engineering	
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$7,676,000 (20% - Fund 72; 75% - Fund 73; and 5% - Fund 76)		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	5%
<b>Fiscal Year 10/11</b>	Amount (\$1000)	<b>\$7.5</b>	

## Fund 76 – Flood Protection and Stormwater Drainage Fund

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<b>Program Project Priority</b>	Program Management <b>Development Impact Fee Program Update</b>		
<b>Project Description</b>	To update the nexus study in re-evaluating the fair proportion of the SMMP costs attribute to future development		
<b>Justification</b>	Stream Management Master Plan (SMMP) was approved in August 2006. A new Ordinance was required to reference the new plan. Consequently, Development Impact Fee (DIF) program was adopted in February 2009. At the time of adoption, in light of the severe economic downturn, Zone 7 Board agreed to a five-year phasing schedule on the fee, along with beginning a collaborative re-evaluation and update of the SMMP costs with the three cities in early 2012. Projects proposed in the SMMP would need to be reassessed. In order to complete the program re-evaluation effort by 2012, staff will need to begin updating technical studies/modeling in the areas of hydrology, hydraulic, geomorphology, sediment transport, environmental assessment.		
<b>Responsible Section</b>	FCE	Flood Control Engineering	
<b>In Service Date</b>	<b>Month</b>	June	<b>Year</b> 2010
<b>Total Project Cost</b>	\$1,475,000		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	70%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$1,475</b>	

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<b>Program Project Priority</b>	Program Management <b>Flood Protection General Administration</b> 1		
<b>Project Description</b>	This program provides for the management and administration of the Special Drainage Area 7-1 program. The SDA 7-1 program is funded through the collection of drainage fees, which are used to provide new flood control facilities, management of the program and developer reimbursement. This program monitors the fees collected, organizes the receipts, keeps track of exemption credits, records payment for possible future reference, and responds to general program questions.		
<b>Justification</b>	This program was established in 1966 to improve streams/arroyos within Zone 7's service area to Flood Control standards. Funding for the channel improvements and right-of-way acquisition was established originally through Alameda County Flood Control and Water Conservation District's Ordinance 53, and later, Ordinance 0-2002-24. Ordinance 0-2002-24 prescribes the collection of SDA 7-1 Drainage Fees assessed to new and re-developments for the creation of new impervious areas. Fees are collected by the local city agencies for Zone 7 at the time of filing for final map or issuance of building permit. Fees collected are split and deposited into two funds, Fund 71 for SDA 7-1 Program Operations, and Fund 90 for Developer Reimbursement.		
<b>Responsible Section Operating Impact</b>	FCE	Flood Control Engineering Review of proposed new policies and guidelines.	
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$100,000 annually		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	100%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$100</b>	

## Fund 76 – Flood Protection and Stormwater Drainage Fund

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<b>Program</b>	Program Management		
<b>Project</b>	SMMP/StreamWISE		
<b>Priority</b>	1		
<b>Project Description</b>	<p>After adoption in August 2006 of the Stream Management Master Plan (SMMP) and Master Environmental Impact Report (MEIR), Zone 7 embarked on the planning phase for implementation of the proposed projects identified in the SMMP. A comprehensive action and implementation plan, called the StreamWISE (Waterway Improvements Supporting the Environment) is currently being developed to prioritize and sequence capital improvements, identify a financial strategy, and establish maintenance plans for the new Program, which will implement the SMMP. The StreamWISE implementation plan process is incorporating direct involvement from key stakeholder groups to ensure that Zone 7 meets the needs of its constituents and partners. Through this process a five-year and ten-year outlook for the CIP will be created by prioritizing and sequencing the SMMP projects.</p>		
<b>Justification</b>	<p>Zone 7 is responsible for providing flood control protection within its service boundary. The 1966 Master Plan does not provide the necessary structure with respects to policy (guidance) and financing to accomplish this mission. Zone 7 also realizes that traditional engineering strategies are not sufficient or appropriate to use as a basis for this Master Plan update. Rather, Zone 7 must take into consideration the relevant state and federal environmental goals regarding endangered species and natural preservation of these streams that have been established over the past 36 years. Therefore, Zone 7 intends to refine and implement a strategy that is based on primarily addressing these environmental goals within a context of meeting its flood control responsibilities.</p>		
<b>Responsible Section</b>	FCE Flood Control Engineering		
<b>Operating Impact</b>	Increased O/M cost to be determined.		
<b>In Service Date</b>	Ongoing		
<b>Total Project Cost</b>	\$8,250,000 ( 70% Fund 76 and 30% Fund 50)		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	70%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$350</b>	

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<b>Project</b>	<b>Administrative &amp; Engineering Building – Sinking Fund</b>		
<b>Program</b>	Building & Grounds		
<b>Priority</b>	1		
<b>Project Description</b>	<p>A new office building for administrative and engineering staff was completed in February 2005. The new building has a larger Board Room for public meetings, is located closer to operations (treatment plants), and is more centrally located for employees and Valley residents. The move-in date was February 2005. The cost was based on "Build to Suit" option and includes lease payments. In addition to the scheduled lease payment for the new building, \$696,000 plus interest per year will be contributed to a sinking fund in order to cover the purchase cost of the building after the lease payments have been completed.</p>		
<b>Justification</b>	<p>This sinking fund will cover the cost to purchase the new Administrative &amp; Engineering Building after Zone 7's 15 year lease is completed.</p>		
<b>Operating Impact</b>	None.		
<b>Responsible Section</b>	ASD Administrative Services Division		
<b>In Service Date</b>	<b>Month</b>	<b>Year</b>	2018
<b>Total Project Cost</b>	\$2,840,000 (for Flood Control System)		
<b>Source of Funds</b>	Fund 76	Flood Protection and Stormwater Drainage Fees	10%
<b>Fiscal Year 10/11</b>	Amount (\$1,000's)	<b>\$82</b>	



EXHIBIT A

FY 2010/11  
 CAPITAL PROGRAM (FUNDS 72, 73 & 76)  
 PROFESSIONAL & TECHNICAL SERVICES

JOB #	DESCRIPTION	FUND 72	FUND 73	FUND 76	FUNDS TOTAL
96076	Arroyo de la Laguna Improvements			\$1,300,000	\$1,300,000
55052	Bay-Delta Habitat Conservation Program		\$37,500		\$37,500
96076	Channel Restoration (R1-7 & R8-3)			\$400,000	\$400,000
96073	Cope Lake Facilities and Improvements		\$74,000		\$74,000
55053	Delta Outreach		\$23,240		\$23,240
96076	Development Impact Fee Program Update			\$1,275,000	\$1,275,000
96072	DVWTP Chemical Systems/Parking Lot Improvements	\$324,950			\$324,950
96072	DVWTP DAF Saturator Tanks Repair	\$15,000			\$15,000
53088	DVWTP Improvements Project	\$45,000			\$45,000
96072	DVWTP Interior Coating Improvements to the 4.5 MG Steel Clearwell	\$75,000			\$75,000
61557	Flows Studies – Steelhead Restoration			\$20,000	\$20,000
96073	Hydrostratigraphic Investigation of Chain of Lakes		\$9,400		\$9,400
96072	PPWTP Improvement Studies 2011	\$112,200			\$112,200
96072	PPWTP OSG Conversion	\$20,000			\$20,000
54072	PPWTP Rehabilitation of Clarifier and Replacement of Motor	\$25,000			\$25,000
96072	Replacement of Roofs at Parkside, Hopyard Well No. 6 and DVWTP Maintenance Shop	\$15,000			\$15,000
54048	SCADA Enhancements	\$50,000			\$50,000
61145	SMMP/STREAMWISE			\$150,000	\$150,000
55037	South Bay Improvement and Enlargement Project		\$100,000		\$100,000
96076	Stream Gaging/Sediment			\$150,000	\$150,000
96072	Vulnerability Assessment Review & Update	\$30,000			\$30,000
96073	Well Master Plan Wells - Future Phases				
	<b>TOTAL CAPITAL PROFESSIONAL SERVICES BY FUND</b>	<b>\$712,150</b>	<b>\$304,140</b>	<b>\$3,295,000</b>	<b>\$4,311,290</b>

# GLOSSARY



## GLOSSARY OF TERMS

The Annual Budget contains terminology that is unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary is included herein.

**Accrual Basis of Accounting:** The basis of accounting under which transactions are recognized when they occur, regardless of the timing of cash receipts and disbursements.

**Acre Foot:** The volume of water that will cover one acre to a depth of one foot. One acre foot equals 325,850 gallons. It is estimated that one half an acre foot serves a typical private residence for one year.

**Activities:** The major programs and projects performed by an organizational unit.

**Appropriation:** An amount of money in the Budget, authorized by the Board of Directors, for expenditure or obligation within organizational units for specific purposes.

**Assets:** Resources owned or held by Zone 7 which have monetary value.

**Audit:** A comprehensive investigation of the manner in which the government's resources were actually utilized. A financial audit is a review of the accounting system and financial information to determine how government funds were spent and whether expenditures were in compliance with the legislative body's appropriations.

**Balance Sheet:** A financial statement that discloses the assets, liabilities, and fund equity of a specific fund at a specific date.

**Bond:** A written promise to pay a sum of money on a specific date at a specific interest rate. The interest payments and the repayment of the principal are authorized in a District bond resolution. The most common types of bonds are general obligation bonds and revenue bonds. These are frequently used for construction of large capital projects such as buildings, streets, etc.

**Budget:** A financial plan for a specific period of time that matches all planned revenues and expenditures with various services. Zone 7 uses a fiscal year beginning each July 1 and ending each June 30 for budgetary and financial reporting purposes.

**Budgetary Control:** The control or management of a governmental unit or enterprises in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**Capital Equipment:** Fixed assets such as vehicles, equipment, computers, furniture, technical instruments, etc. which have a life expectancy of more than one year.

**Capital Improvement Program:** A long-range plan of Zone 7 for the construction, rehabilitation and modernization of Zone 7-owned and operated infrastructure.

**Capital Outlay:** Expenditures which result in the acquisition of, or addition to, fixed assets including land, buildings, improvements, machinery and equipment.

**Debt Service Fund:** Established to account for annual property tax levies and certain other revenues, primarily interest on investments, which are used for payment of principal and interest of bond issues.

**District:** Refers to the Alameda County Flood Control and Water Conservation District, of which Zone 7 is one of the designated service areas. Zone 7 provides water and flood control services.

**Fund:** A sum of money or other resources, such as taxes, charges, fees, etc., established for conducting specified operations for attaining certain objectives. Funds are frequently under specific limitations.

**Fund Accounting:** A governmental account system which is organized and operated on a fund basis.

**Fund Balance:** Fund balance is the excess of assets over liabilities. It is typically divided into three categories. Fund balance may be categorized as (1) reserved – indicating that there are legal restrictions governing the future expenditures, (2) non-discretionary-indicating that the Board of Directors expects to expend it for certain purposes, or (3) discretionary – indicating it is available for expenditures for general governmental purposes.

**Generally Accepted Accounting Principles (GAAP):** Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP provides a standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to the State and local governments are Government Accounting Standards Board (GASB) pronouncements.

**Grant:** A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed the grantee.

**Interfund Transfers:** Amounts transferred from one fund to another, usually to reimburse the receiving fund for services performed for the transferring fund.

**Liabilities:** Obligations incurred in past or current transactions requiring present or future settlement.

**Line Items:** Expenditure classifications established to account for budget appropriations approved.

**Mandated Cost:** Any responsibility, action or procedure that is imposed by one sphere of government on another through constitutional, legislative, administrative, executive or judicial action as a direct order.

**Modified Accrual Basis of Accounting:** The basis of accounting under which revenues are recognized when measurable and available to pay liabilities and expenditures are recognized when the liability is incurred except for interest on long-term debt which is recognized when due.

**Object Classification:** A grouping of expenditures on the basis of goods or services purchased (e.g. personnel, services and supplies, equipment, etc.)

**Obligations:** Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

**Operating Budget:** The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel and fuel, and does not include purchases of major capital plant or equipment which is budgeted for separately in the Capital Budget.

**Ordinance:** A bill, resolution or order by means of which appropriations are given legal effect. It is the method by which the appropriation of the annual budget is enacted into law by the District Board of Supervisors.

**Reserve:** An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

**Revenue:** Monies received as income. It includes such items as water sales, fees for services, contributions in aid of construction, grants and interest income. Estimated revenues are those expected to be collected during the fiscal year.

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Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*







# Zone 7 Water Agency

## *Fiscal Year 2013-14 Budget*

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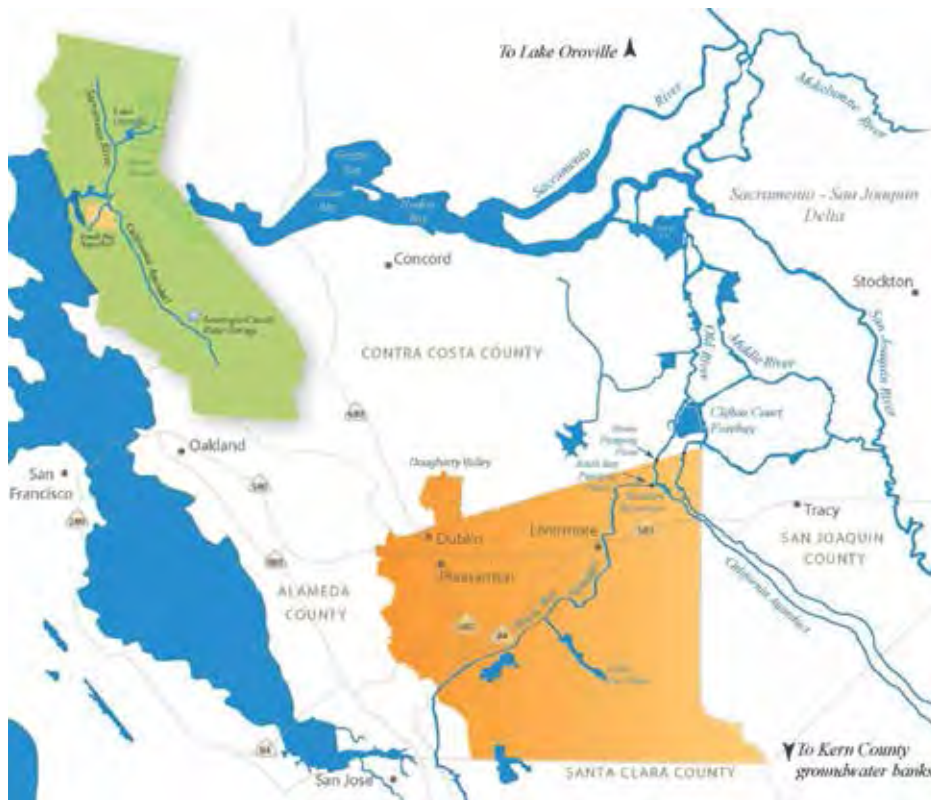
# Introduction



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

# Zone 7 Service Area

Zone 7 supplies treated drinking water to retailers serving more than 200,000 people and businesses in Pleasanton, Livermore, Dublin and, through special agreement with the Dublin San Ramon Services District, the Dougherty Valley area in San Ramon. Zone 7 also supplies untreated irrigation water to local vineyards, farms and golf courses, and provide flood protection to all of eastern Alameda County.



# Zone 7 Water Agency Leadership

## Board of Directors, 2012-2013

### **Sarah Palmer, President**

*Board Member since 2006 – Term Expires June 30, 2014*

### **Bill Stevens, Vice President**

*Board Member since 1998 – Term Expires June 30, 2014*

### **Sandy Figuers**

*Board Member since 2008 – Time Expires June 30, 2016*

### **Dick Quigley**

*Board Member since 2004 – Term Expires June 30, 2016*

### **John Greci**

*Board Member since 1994 – Term Expires June 30, 2014*

### **AJ Machaevich**

*Board Member since 2010 – Term Expires June 30, 2014*

### **Angela Ramirez Holmes**

*Board Member since 2012 – Term Expires June 30, 2016*

## Executive Management Team

### **Jill Duerig**

*General Manager*

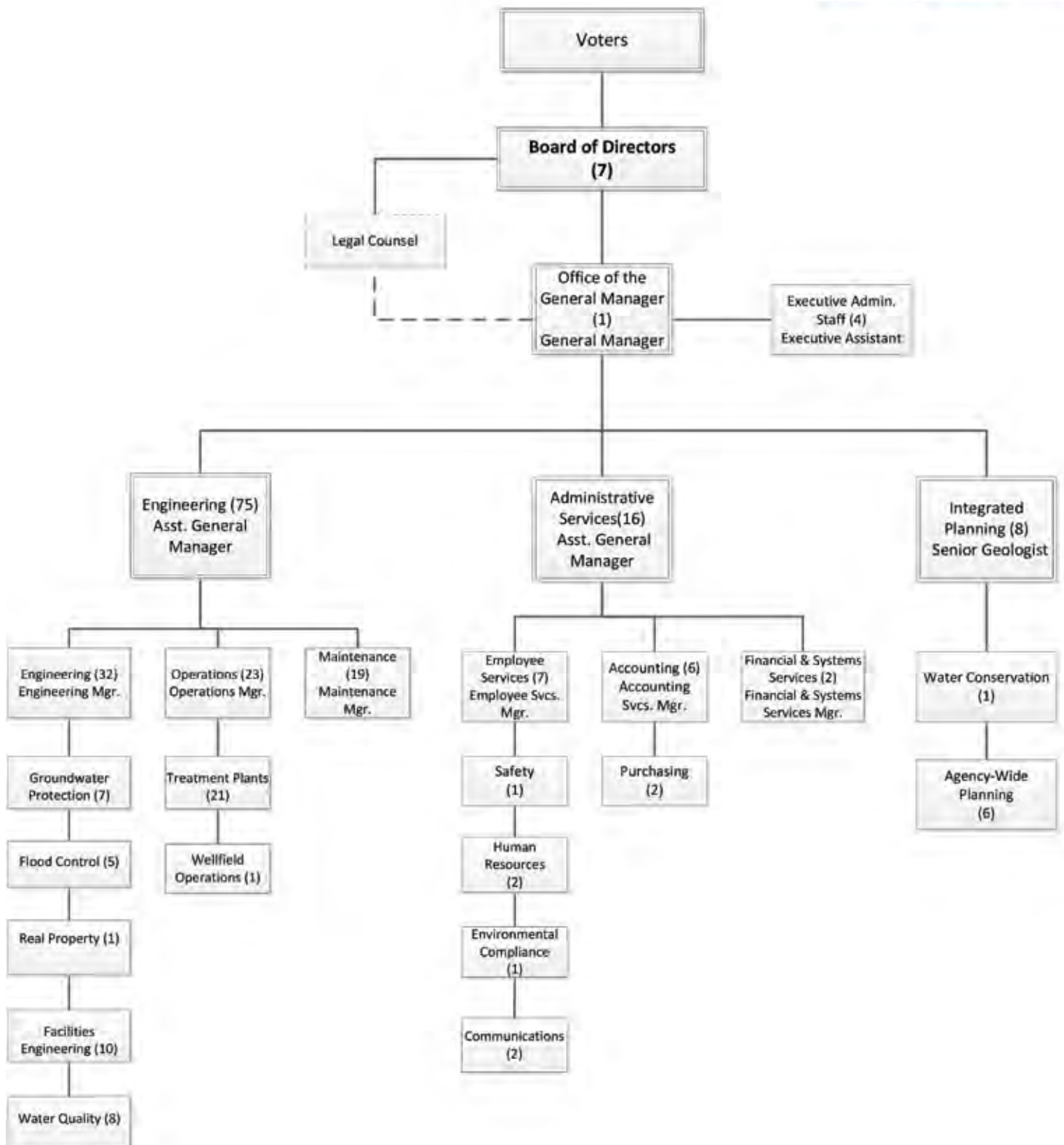
### **Kurt Arends**

*Assistant General Manager, Engineering*

### **Tom Hughes**

*Assistant General Manager, Administrative Services*

# Agency Organization Chart



## Agency Overview

The Zone 7 Water Agency is a dependent special district established under the Alameda County Flood Control and Water Conservation District Act. The Alameda County Flood Control and Water Conservation District Act (Chapter 55 of the California Water Code Appendix) passed in 1949. Zone 7 was established by a vote of the residents of the Livermore-Amador Valley area in 1957, with its own independently elected board to provide local control of integrated water resources. Zone 7 is responsible for providing wholesale treated and untreated water, flood control and groundwater management in the Livermore-Amador Valley.

### Service Functions

Zone 7 provides wholesale treated water, untreated irrigation water, and flood control. The territory includes 430 square miles. Zone 7 has broad power to finance, construct and operate a system for the transportation, storage, treatment and distribution of water.

Zone 7 supplies wholesale potable water to four retail water customers, which are the City of Livermore, City of Pleasanton, Dublin-San Ramon Services District (DSRSD) and the California Water Service Company. These customers distribute the water to municipal and industrial customers in Dublin, Livermore, Pleasanton and the Dougherty Valley portion of San Ramon.

### Key Business Relationships

Zone 7 imports water to the valley from the State Water Project, operated by the Department of Water Resources (DWR) of the State of California. The annual cost of the water is about \$14M. The state has issued significant amount of bonds. Zone 7 is one of 29 water contractors who share cost of the debt service for the State bonds. Zone 7's annual share of the debt service is about \$26M, which is apportioned between current and future customers.

Our major customers are the cities of Pleasanton, Livermore, Dublin, Dublin-San Ramon Service District for the Dougherty Valley area, and California Water Service, collectively referred to as the retailers.

## Mission Statement

Zone 7 Water Agency is committed to providing a reliable supply of high-quality water and an effective Flood-control system to the Livermore-Amador Valley. In fulfilling our present and future commitments to the community, we will develop and manage our water resources in a fiscally responsible, innovative, proactive, and environmentally sensitive way.

## Vision Statement

To be recognized as the platinum standard water and flood control district in which to live, work and do business by enhancing the quality of life, economic vitality and environmental health of the communities we serve.

## Values

1. **OPEN AND TRANSPARENT** – The Board’s meetings and communications shall be open and public, except when the Brown Act authorizes otherwise.
2. **CUSTOMER SERVICE** – Our commitment to the community requires prompt, respectful and courteous relations with our customers, both internal and external, as well as pursuing community partnerships and collaboration with other area public agencies when beneficial to the public.
3. **INTEGRITY** – We practice the highest ethical standards and maintain open, honest communications at all levels of the organization at all times.
4. **FISCALLY RESPONSIBLE** – We will operate in a productive, cost effective, transparent and efficient manner to ensure sound financial stability.
5. **ENVIRONMENTALLY SENSITIVE** – In carrying out our mission, we are dedicated to preserving and enhancing the environment while complying with regulations.
6. **INNOVATIVE/PROACTIVE** – We encourage innovation, creativity and ingenuity, seeking constant improvement and keeping up with the latest economical technologies and management practices.
7. **SAFETY** – We are committed to public and employee safety to maintain a healthy work environment. We work safely and provide safe products and services.
8. **EMPLOYEE DEVELOPMENT** – We foster a respect for diversity, equality, a spirit of performance-based accountability and productivity along with personal and professional growth for all team members so as to achieve excellence through the collective energy that comes from a work environment where each employee can flourish and succeed to their highest potential.



## History and Services

Since long before Zone 7 was created, the critical issues of water supply, water quality and flood protection have shaped the region's ability to prosper either agriculturally or as a thriving Bay Area suburb. Although the Valley was far less populated during the first half of the 20th Century than it is today, a declining groundwater table and periods of drought back then had local farmers, vintners and residents alike worried about their livelihoods, according to reports published in 1948. And there was frequent flooding, particularly in northern Pleasanton, where Hacienda Business Park is now located.

### The Creation of Zone 7

Zone 7 – established in 1957 by local voters demanding local control over local water resource planning, flood protection and financing – has taken the Valley a long way to resolving many of its most pressing water supply, water quality and



flood protection problems. The locally-elected seven-member Board of Directors has continually formulated and implemented needed programs for flood protection and water resource management, incorporating recreational and environmental benefits where feasible.

But many issues have persisted over the decades, and their implications on local land use, local control and local financing continue to surface. Indeed, they are alive and well today as Zone 7 works to improve water reliability and quality, along with flood protection, in the most economical and environmentally sound ways possible, and to accommodate new development being approved by Valley cities at no cost or harm to existing residents.

### Zone 7's Independence

Since its formation, Zone 7 has continued to take steps to expand its level of local control and autonomy. Most recently, in 2003, state legislation granted Zone 7 more authority over issues and projects of exclusive interest to Zone 7, allowing the Board to improve economic efficiencies and reduce administrative duplication with the county.

Local control has allowed Zone 7 to develop master plans that integrate and optimize water supply, water quality, flood management and environmental stewardship.



# Executive Summary



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

## Agency Fiscal Overview

The Zone 7 Water Agency's Operating and Capital Budget for Fiscal Year ending 2014 includes a brief explanation of the Agency's budget process, a breakdown of the budget by Major Funding Area, Section and Program. Also included is a summary of the new Chart of Accounts structure to be implemented July 1, 2013, in conjunction with a new financial software system, New World.

The Agency's operating budget is \$151.6M for FY 13/14. This proposed budget has been reviewed by management, staff, and the Board of Directors.

This fiscal years' budget is created and operated in accordance with the Agency's Mission, Vision and Value Statements, and all other Board-adopted policies.

### **Fiscal Year**

Zone 7 Water Agency operates on a fiscal year which runs July 1 through June 30. In the document, if a year is used, it means the end of the fiscal year, so for example, 2012 is the fiscal year ending June 30, 2012. "FYE" for fiscal year ending is also used.

### **Budget Process**

The normal budget process begins at the Section level. Supervisors prepare their budgets and submit them to the Division Managers, then to the Assistant General Manager for their review and approval. Managers then meet with the General Manager, who determines the impact on each of the Agency's funds.

The budget is presented to the retailers, to the Finance Committee, and then to the full Board of Directors for review and adoption prior to June 30. This year the budget was adopted on May 15, 2013.

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

RESOLUTION NO 13-4268

INTRODUCED BY DIRECTOR FIGUERS  
SECONDED BY DIRECTOR QUIGLEY

BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District, acting pursuant to authority granted by California law, does hereby approve the following budgets, including revenue, expenses and the use of fund balance for Fiscal Year 2013/14 (Exhibit A):

1. Water Enterprise Budget (Fund 100);
2. State Water Facilities Budget (Fund 110);
3. Water Renewal & Replacement, System-Wide Improvements Capital Projects (Fund 120)
4. Water Expansion Capital Projects (Fund 130);
5. General Fund/Flood Control Budget (Fund 200);
6. Flood Protection/Stormwater Drainage DIF Capital Projects (Fund 210); and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7, acting pursuant to authority granted by California law, does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7 in the budget of said District, where applicable; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7, acting pursuant to authority granted by California law, understands that, as in the past, the monies called for in said budgets of Zone 7 will be collected in the normal course of business by the County of Alameda, acting on behalf of Zone 7; and

BE IT FURTHER RESOLVED that Section 1 (b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by voters prior to July 1, 1978, from the limitations set forth in Section 1 (a) of Article XIII A; and

BE IT FURTHER RESOLVED that the District's indebtedness from its State Water Supply Contract falls within such exemption; and

BE IT FURTHER RESOLVED, that consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied in Fiscal Year 2013-14 a property tax within the District sufficient to raise the sum of \$10,500,000 to meet that portion of the District's State Water Supply Contract obligation. All funds received by the District pursuant to the aforementioned property tax levy shall be placed in a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7, acting pursuant to authority granted by California law, does hereby request the Board of Supervisors of said District to levy a tax on all property of Zone 7 sufficient to assure payment of sums due under the District's State Water Supply Contract for the State Water Facilities Fund to make payments; and

# Executive Summary

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District, acting pursuant to authority granted by California law, does hereby approve the personnel actions, if any, as contained in the Zone 7 Budget for Fiscal Year 2013/14 and authorize the General Manager to implement such personnel actions; and

BE IT FURTHER RESOLVED that the General Manager is authorized and directed to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues or expenditures.

ADOPTED BY THE FOLLOWING VOTE:

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

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on May 17, 2013.

By: 

President, Board of Directors



# Summary of Annual Budget

## Estimated Change in Reserve Balances

The fund schedule on the following page summarizes Zone 7's overall financial picture by individual fund. It includes revenue and expenses as well as projected reserve balances at 6/30/2014.

The fund schedules are grouped by type of fund: Enterprise (Water Enterprise Fund, State Water Facilities Fund, Renewal & Replacement/System Wide Improvement Fund and the Expansion Fund) and Governmental Funds (Flood Control and Flood Protection/Storm water drainage Development Impact Fee Fund).

## Summary of Annual Budget by Account Classification – FY 13/14 Proposed Budget

FY 13/14 PROPOSED BUDGET	Fund 100 Water Enterprise	Fund 110 State Water Facilities	Fund 120 Water Enterprise Capital Renewal/Replacement/Improvements	Fund 130 Water Enterprise Capital Expansion	Fund 200 Flood Protection/General Fund	Fund 210 Flood Protection Development Impact Fees	Total
1 Available Fund Balance July 1, 2012	\$ 27,252,955	\$ 10,603,823	\$ 21,733,112	\$ 51,782,174	\$ 23,559,397	\$ 36,696,155	\$ 171,627,616
2 FY 12/13 Projected Change in Fund Balance (Revenue over Expenses)	(2,771,599)	(1,593,319)	(4,666,715)	1,110,602	36,683	400,125	(7,484,223)
3 FY 12/13 Budgeted Change in Fund Balance (Revenue over Expenses) <sup>1</sup>	(1,499,045)	(1,373,154)	(5,254,809)	(7,443,906)	441,971	(1,320,626)	(16,449,569)
4 Estimated Beginning Fund Balance July 1, 2013	24,481,356	9,010,504	17,066,397	52,892,776	23,596,080	37,096,280	164,143,393
<b>5 Revenue</b>							
6 Water Sales & Service	37,664,745	1,299,710					38,964,455
7 Property Taxes		11,247,000			5,979,557		17,226,557
8 Development Fees			250,000	18,400,000		2,500,000	21,150,000
9 Charges for Services		45,000	7,500		3,000		55,500
10 Aid from Governmental Agencies - State	700	611			54,000		55,311
11 Aid from Governmental Agencies - Local					690		690
12 Investment Earnings	95,000	16,522	74,462	166,565	110,600	132,000	595,149
13 Rents and Royalties	31,000				17,500		48,500
14 Other Revenue	93,300	1,189,542		2,381,600	35,000		3,699,442
15 Transfers			8,500,000				8,500,000
16 <b>Total Revenue</b>	<b>37,884,745</b>	<b>13,798,385</b>	<b>8,831,962</b>	<b>20,948,165</b>	<b>6,200,347</b>	<b>2,632,000</b>	<b>90,295,604</b>
<b>17 Expenses</b>							
18 Labor and Benefits Distributed	13,909,726				1,457,332		15,367,058
19 Credits/Charges for Applied Overhead	(1,792,812)		863,597	131,348	642,733	155,134	-
20 Purchased Services	4,074,437				947,901		5,022,338
21 Water	6,878,235	14,118,181		18,654,187			39,650,603
22 Chemicals	2,841,522						2,841,522
23 Energy	1,822,126						1,822,126
24 Communications	174,755				2,200		176,955
25 Cleaning Services	48,835				10,000		58,835
26 Repairs and Maintenance	2,381,514				2,115,356		4,496,870
27 Rental Services	108,650				145,500		254,150
28 General Office Services/ Supplies	584,385				19,550		603,935
29 Organizational Membership/ Participation	519,283				123,500		642,783
30 Other Services/ Supplies	769,206				28,400		797,606
31 Training and Travel	395,220				30,900		426,120
32 Special Departmental Expense/Capital Projects	586,392				13,333		599,725
33 Capital Projects			14,056,780	2,988,999	16,693,660	5,807,405	39,546,844
34 Equipment, Furniture and Vehicles	22,000						22,000
35 Debt Service				30,753,481			30,753,481
36 <i>Subtotal (before transfers)</i>	<i>33,323,474</i>	<i>14,118,181</i>	<i>14,920,377</i>	<i>52,528,015</i>	<i>22,230,365</i>	<i>5,962,539</i>	<i>143,082,951</i>
37 Transfers	8,500,000						8,500,000
38 <b>Total Expenses</b>	<b>41,823,474</b>	<b>14,118,181</b>	<b>14,920,377</b>	<b>52,528,015</b>	<b>22,230,365</b>	<b>5,962,539</b>	<b>151,582,951</b>
39 Estimated Ending Fund Balance June 30, 2014	20,542,627	8,690,708	10,977,982	21,312,926	7,566,062	33,765,741	102,856,046
<b>40 Reserve Balances</b>							
41 Operating	8,308,044	8,690,708			2,768,353		19,767,105
42 Rate Stabilization	2,259,885						2,259,885
43 Emergency	4,113,026						4,113,026
44 Drought Contingency	5,861,673						5,861,673
45 Capital Projects			7,500,871	11,855,184	3,951,323	32,939,889	56,247,267
46 Sinking Funds - FY 13/14 Contributions							
47 <i>Building Sinking Fund</i>			397,467	36,235	88,326	88,326	610,354
48 <i>Future Contractor's Share of the South Bay Aqueduct</i>				28,366			28,366
49 <i>South Bay Aqueduct Enlargement</i>				169,759			169,759
50 Sinking Funds Reserve Balance			3,477,111	9,457,742	846,386	825,852	14,607,091
51 <b>Total Reserves (lines 41+42+43+44+50)</b>	<b>\$ 20,542,627</b>	<b>\$ 8,690,708</b>	<b>\$ 10,977,982</b>	<b>\$ 21,312,926</b>	<b>\$ 7,566,062</b>	<b>\$ 33,765,741</b>	<b>\$ 102,856,046</b>
52 Change in Fund Balance <sup>2</sup> (use of reserves) - line 51 minus line 4	(3,938,729)	(319,796)	(6,088,415)	(31,579,850)	(16,030,018)	(3,330,539)	(61,287,347)

Notes

<sup>1</sup>Shown for comparative purposes only.

<sup>2</sup>In order to achieve a balanced budget, use of reserve as shown in line 52 will be appropriated as revenue in the financial/accounting system.

## Challenges

Financial issues facing the Agency continue to be the slow recovery of the economy, the increasing effects from water conservation efforts and the continued allocations to our Asset Management Program.

### **Economy**

New development within the service area has been picking up, providing slight growth in new water rate payers and connection fee revenue. A leveling-off in property values has resulted in stabilization of the 2012 and 2013 assessment roll. Alameda County's average unemployment rate has decreased markedly, now registering 7.7 percent as of April 2012, below the 2012 rate of 9.0 percent, exhibiting signs of slow but steady economic stabilization.

### **Water Conservation**

The policy of water conservation has an adverse effect on water sales; as the consumers use less water often the rates will have to go up to bring in the revenue needed to support costs most of which are fixed. In the fall of 2009, the Legislature passed the Water Conservation Act of 2009 SBX7-7, which sets an overall goal of reducing per capita urban water use by 20% by the end of 2020, and calls for agricultural water suppliers to prepare and adopt water management plans. Failure to meet this goal currently results in an agency not being eligible for state grants. The Agency is working collaboratively with the retailers to meet this requirement.

Water conservation and other recycling efforts are nearing the level of "demand hardening" or maximum potential as all new construction and landscaping is utilizing improved ecological designs, and older systems have been updated. Water demands continue to decrease while fixed costs remain high.

### **Capital Projects**

With the addition of new facilities, and as the water system infrastructure ages with time, the annual funding of the Renewal/Replacement and System-wide Improvement Fund from the Water Enterprise Fund is increasing. An updated Asset Management Program study to assess the condition of Zone 7's infrastructure was adopted by the Board on June 15, 2011. Funding transfers increasing from \$6.6 million in FY 2012/13 to \$11.4 million in FY 2017/18 will be made from the Water Enterprise Fund into the Renewal/Replacement and System-wide Improvements Fund.

Significant planning and capital improvements are needed to support future development. Over the past five years new connections to our water system have slowed significantly from the rapid growth experienced in the early 2000's. While there are indications of recovery, constructions of major expansion facilities have been deferred. The FY 13/14 Expansion budget reflects Zone 7's first priority of funding non-discretionary obligations.



## Recent Rate and Fee Changes

### Treated Water Rate

In 2012, the Zone 7 Board approved a two-year treated water rate schedule for calendar years 2013 and 2014. Zone 7 has made significant strides in cutting operating costs on behalf of its ratepayers, allowing for no increase in rates for 2013 and a CPI adjustment of 2.65% for 2014.

### Untreated Water Rate

In 2012, the Zone 7 Board adopted the untreated water rate for 2013. On average, Zone 7 provides 4,500 acre-feet of untreated water for agricultural and irrigation purposes. The adopted rate of \$110 for calendar year 2013, represents Zone 7's cost of providing this water supply.

### Water Connection Fee

A water connection fee of \$23,500 for the Zone 7 service area and \$21,750 for the Dougherty Valley Service Area was adopted in October 2012. The fees were adjusted by the change in the construction cost index from September 2011 to September 2012.

### Stormwater and Development Impact Fee

Zone 7's Board of Directors adopted Ordinance 2009-01, which established the Flood Protection and Storm Water Drainage Development Impact Fee (DIF) on March 18, 2009. The Ordinance prescribed the assessment of a DIF for developments creating new impervious surfaces as part of their projects. Ordinance 2010-01, adopted on March 17, 2010, amended the fee schedule of Ordinance 2009-01 and limited the annual DIF adjustments through 2012 until the SMMP and DIF were reevaluated. This evaluation is currently underway. In 2011, the Zone 7 Board adopted Ordinance 2012-01 deleting the specified 2012 DIF increase scheduled to be effective January 1, 2012 and maintaining the existing 2011 DIF of \$1.00 per square foot of new impervious surface created. As of January 1, 2013, the fee remains at \$1.00 per square foot of new impervious surface created.



# Financial Overview



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

## Description of Funds

### **Water Enterprise Fund – Fund 100 (formerly Fund 52)**

The purpose of this fund is to ensure the delivery of high quality water to the Livermore-Amador Valley. This includes water treatment and distribution of potable water; distribution of untreated agricultural water; and surface water and groundwater management. Water distributed is a combination of locally conserved and imported water from the State Water Project. Activities include water treatment; water quality analysis; water resource management and groundwater protection; and water supply planning and engineering. Primary Funding Source: Water Rates

### **State Water Project Fund – Fund 110 (formerly Fund 51)**

This fund finances the “fixed cost” payment to the State Department of Water Resources (DWR) to import water to Zone 7. The purpose is to pay the costs for use of the State water delivery system, which includes repayment of voter approved, State incurred, long-term debt. Primary Funding Source: Property Taxes

### **Water Renewal/Replacement and System-Wide Improvement Fund – Fund 120 (formerly Fund 72)**

The purpose of this fund is to ensure that the current water treatment and delivery systems are functioning effectively and that capital replacement and improvement needs are funded. Primary Funding Source: Water Rates via a transfer from the Water Enterprise Fund

### **Water Expansion Fund – Fund 130 (formerly Fund 73)**

The purpose of this fund is to ensure that Zone 7 is able to meet future needs for water demands. The program is primarily intended to provide funding for new facilities and water supplies for new development. Primary Funding Source: Water Connection Fees

### **Flood Protection Operations – Fund 200 (formerly Fund 50)**

This fund provides for general administration and flood control services to ensure the controlled drainage of the Valley’s excess water runoff. Zone 7 manages a watershed of nearly 620 square miles including eastern Alameda County and parts of Contra Costa, Santa Clara and San Joaquin Counties. More than 37 miles of flood control channels and drainage facilities are owned and maintained by Zone 7. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. Primary Funding Source: Property Taxes

### **Flood Protection Stormwater Drainage and Development Impact Fee Fund – Fund 210 (formerly Fund 76)**

The purpose of this fund is to ensure that Zone 7 is able to meet future needs for flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects. Primary Funding Source: Development Impact Fees

## Agency Programs and Sub-Programs

### **Program 10: Water Utility Support Services**

The Water Utility Support Services Program involves sub-programs that support the overall Water Enterprise but are not specific to any one Program under Water Enterprise.

Sub-Programs with this Program: Administration, Untreated Water, Energy, Water Quality Compliance, Water Utility Planning Financial Planning, SCADA, Maintenance Shop, Debt Service

### **Program 20: Water Storage**

The Supply Source and Conveyance Program involves the acquisition and conveyance of raw water from the source to the treatment plants or for release to the arroyos.

Sub-Programs within this Program: Administration, Water Conservation, State Water Project, Byron Bethany Irrigation District, Bay Delta, Local Water Rights, Other Water Supplies

### **Program 30: Water Storage**

The Water Storage Program involves the storage of raw water supplies, including groundwater and out-of-basin storage.

Sub-Programs within this Program: Administration, Groundwater Basin Monitoring, Groundwater Basin Management & Evaluation, Well Permit & Inspection, Semitropic, Cawelo, Chain of Lakes

### **Program 40: Water Treatment**

The Water Treatment Program involves the treatment of surface water and groundwater.

Sub-Programs within this Program: Administration, Groundwater Basin Monitoring, Groundwater Basin Management & Evaluation, Well Permit & Inspection, Semitropic, Cawelo, Chain of Lakes, Del Valle Water Treatment Plant, Patterson Pass Water Treatment Plant, Mocho Groundwater Demin Plant, and all wells

### **Program 50: Water Transmission**

The Water Transmission Program involves the transmission and delivery of potable water.

Sub-Programs within this Program: Administration, Pipelines, Dougherty Reservoir, Turnouts, Pump Stations & RCS, Permits & Inspection

### **Program 60: Central Administration**

The Central Administration Program involves the administration and management of Zone 7 Water Agency which impacts both water enterprise and flood control.

Sub-Programs within this Program: Administration (Agency-Wide), Finance, Employee Services, Planning and Environmental Services, Security & Emergency Planning, Real Property, Admin Facilities Maintenance/Services, Board of Directors, Chain of Lakes - Shared Water Enterprise/Flood Protection

### **Program 70: Flood Protection**

The Flood Protection Program involves the maintenance and improvement of the flood control channels.

Sub-Programs within this Program: Administration, Flood Control Planning, Encroachments & Inspection, Financial Planning, Routine Maintenance, Channel Repair/Improvements, USACE Rehabilitation, Emergency Response, Chain of Lakes

## Financial Policies

### **Audit (Appendix A)**

The Districts financial statements are reviewed annually by an independent professional audit firm. A competitive bidding process is conducted every five years.

### **Financial Reserves (Appendix B)**

The Financial Reserve policy was initially adopted by the Board in 2005 and updated with the adoption of a new Reserve policy on April 17, 2013. The policy covers reserves for:

- Operating/Emergency Reserves
- Flood Control Project Reserves
- Rate Stabilization Reserves
- Water Renewal, Replacement & System-wide Improvements Capital Reserves, and
- Water Expansion Capital Reserves

### **Financial Management Framework (Appendix C)**

The Financial Management Framework was adopted by the Board in December 2011. The purpose for the financial management framework is to assure that Zone 7 prudently manages its funds and maintains financial and accounting records of all transactions in accordance with generally accepted accounting principles and practices.

### **Basis of Accounting**

The District uses enterprise (proprietary) and governmental funds to account for its water and flood protection activities, respectively.

The proprietary fund financial statements for the water enterprise are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds for flood protection are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due.

# Revenues

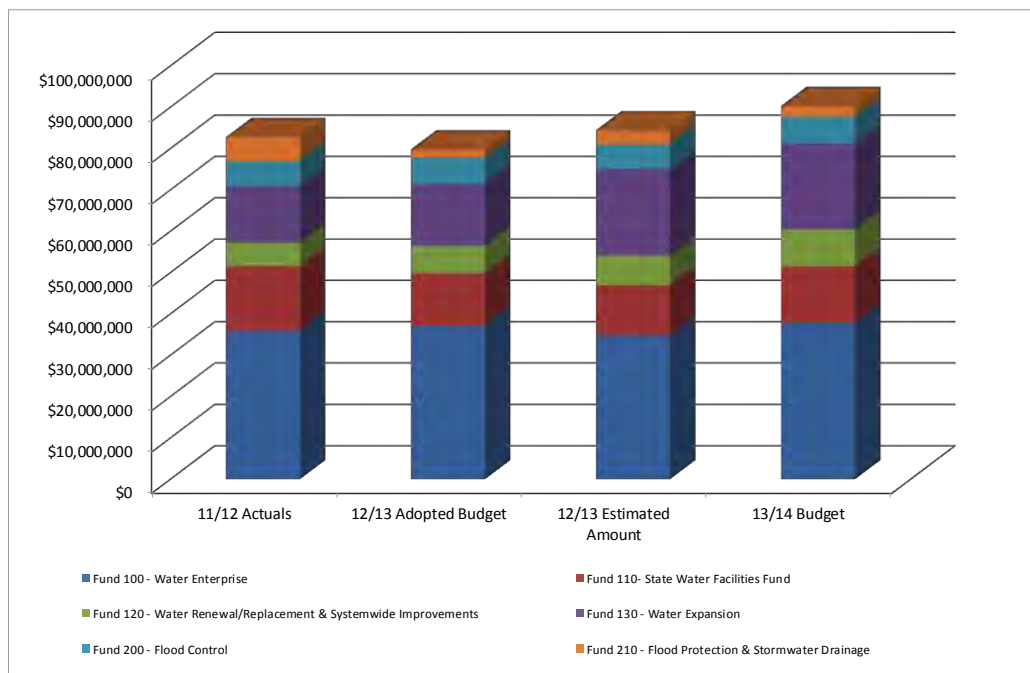


Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

## Revenues

Water Sales and Services are the majority of revenues received. The current budget reflects all Board adopted rates and fees. The following table summarizes Agency-wide revenue.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Fund 100 - Water Enterprise	\$36,013,796	\$37,305,455	\$34,882,112	\$37,884,745	9%
Fund 110- State Water Facilities Fund	15,738,218	12,600,971	12,244,635	13,798,385	13%
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	5,707,614	6,768,253	7,035,276	8,831,962	26%
Fund 130 - Water Expansion	13,659,740	15,011,472	20,997,629	20,948,165	0%
Fund 200 - Flood Control	6,030,897	6,096,119	6,049,576	6,200,347	2%
Fund 210 - Flood Protection & Stormwater Drainage	5,607,366	2,027,330	3,227,500	2,632,000	-18%
<b>Totals</b>	<b>\$82,757,632</b>	<b>\$79,809,600</b>	<b>\$84,436,728</b>	<b>\$90,295,604</b>	<b>7%</b>

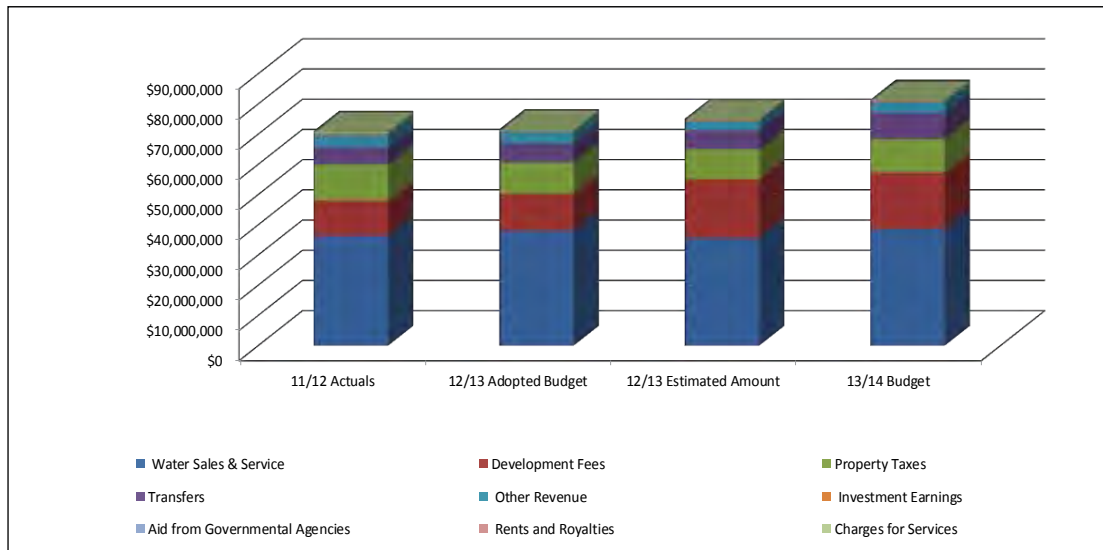




## Revenue by Major Funding Area – Water Enterprise

Water sales and services are the majority of revenues received for Water Enterprise. The following table summarizes the Water Enterprise revenue.

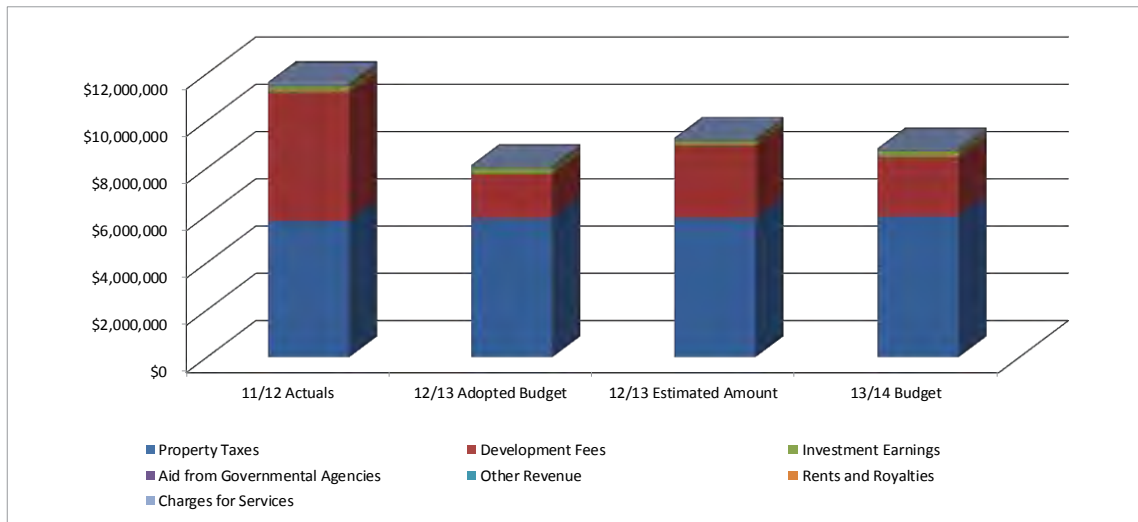
	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Water Sales & Service	\$36,859,134	\$38,399,768	\$35,987,425	\$38,964,455	8%
Development Fees	11,345,942	12,409,137	19,412,819	18,650,000	-4%
Property Taxes	12,017,106	10,150,000	9,799,208	11,247,000	15%
Transfers	5,725,500	6,600,000	6,600,000	8,500,000	29%
Other Revenue	4,331,563	3,697,703	2,940,528	3,664,442	25%
Investment Earnings	573,546	352,338	336,061	352,549	5%
Aid from Governmental Agencies	92,639	46,205	45,611	46,311	2%
Rents and Royalties	31,000	31,000	31,000	31,000	0%
Charges for Services	129,383	-	7,000	7,500	7%
<b>Total Revenues for Water Enterprise</b>	<b>\$71,105,814</b>	<b>\$71,686,151</b>	<b>\$75,159,652</b>	<b>\$81,463,257</b>	<b>8%</b>



## Revenue by Major Funding Area – Flood Control

Property taxes are the majority of revenues received for Flood Control. The following table summarizes Flood Control revenue.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Property Taxes	\$5,773,050	\$5,873,310	\$5,881,011	\$5,979,557	2%
Development Fees	5,464,326	1,872,436	3,100,000	2,500,000	-19%
Investment Earnings	239,596	267,513	178,614	242,600	36%
Aid from Governmental Agencies	61,249	54,690	58,876	54,690	-7%
Other Revenue	41,459	35,000	38,075	35,000	-8%
Rents and Royalties	17,732	17,500	17,500	17,500	0%
Charges for Services	40,851	3,000	3,000	3,000	0%
<b>Total Revenues for Flood Control</b>	<b>\$11,638,263</b>	<b>\$8,123,449</b>	<b>\$9,277,076</b>	<b>\$8,832,347</b>	<b>-5%</b>

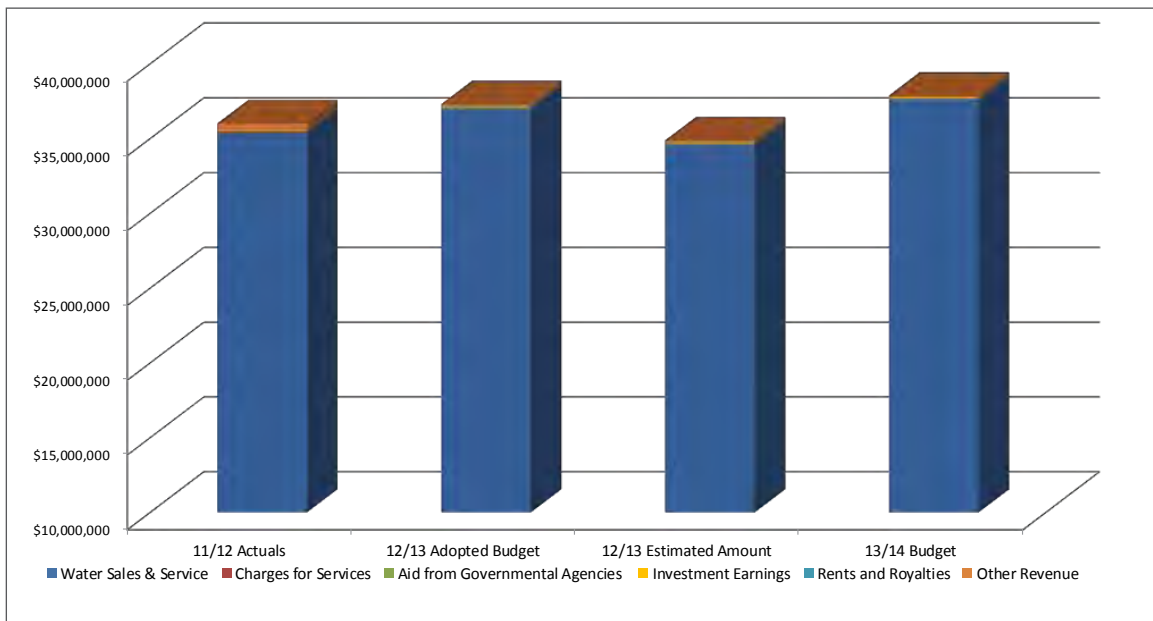


## Water Enterprise Fund

This budget finances Zone 7’s water program which includes general administration, facilities engineering, operations and maintenance of the water supply and delivery system, water resources management, and water supply planning and design.

The purpose of this fund is to ensure the delivery of high quality water to the Livermore-Amador Valley. This fund is funded by property taxes. Revenues by year are shown in the following table and graph.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Water Sales & Service	\$35,398,909	\$37,085,455	\$34,673,112	\$37,664,745	9%
Charges for Services	113,889	0	0	0	0%
Aid from Governmental Agencies	0	700	0	700	100%
Investment Earnings	90,544	95,000	85,000	95,000	12%
Rents and Royalties	31,000	31,000	31,000	31,000	0%
Other Revenue	379,454	93,300	93,000	93,300	0%
<b>Total</b>	<b>\$36,013,796</b>	<b>\$37,305,455</b>	<b>\$34,882,112</b>	<b>\$37,884,745</b>	<b>9%</b>

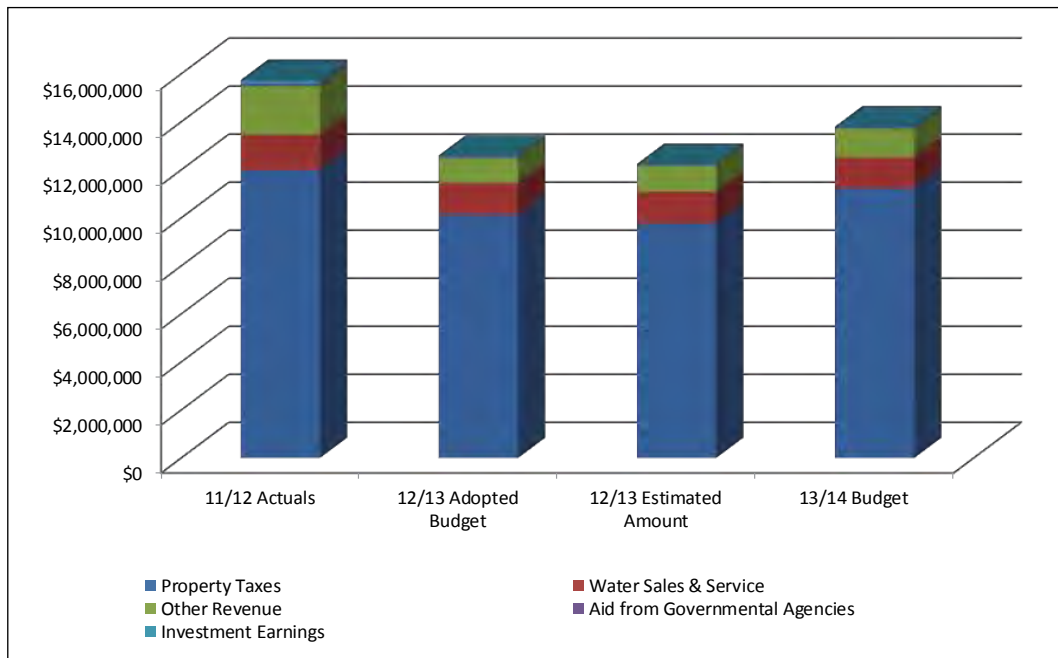


## State Water Facilities Fund

This budget finances the “fixed cost” payment to the State Department of Water Resources (DWR) to import water to Zone 7. The purpose is to pay the costs for use of the State water delivery system, which includes repayment of voter approved, State incurred, long-term debt.

This fund is funded by property taxes. Revenues by year are shown in the following table and graph.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Property Taxes	\$12,017,106	\$10,150,000	\$9,799,208	\$11,247,000	15%
Water Sales & Service	1,460,225	1,314,313	1,314,313	1,299,710	-1%
Other Revenue	2,012,399	1,065,403	1,065,403	1,189,542	12%
Aid from Governmental Agencies	92,639	45,505	45,611	45,611	0%
Investment Earnings	155,848	25,750	20,100	16,522	-18%
	<b>\$15,738,218</b>	<b>\$12,600,971</b>	<b>\$12,244,635</b>	<b>\$13,798,385</b>	<b>13%</b>

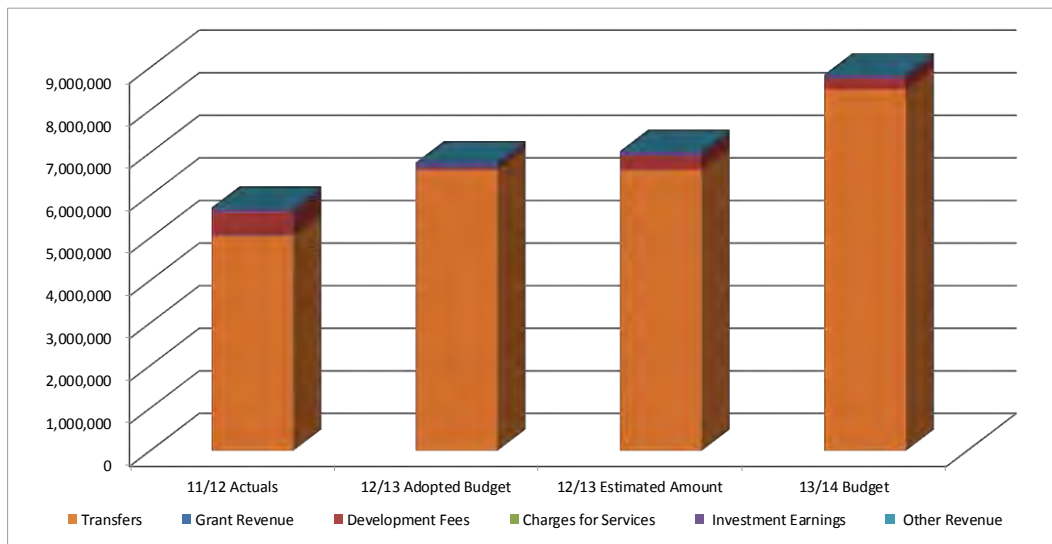


## Water Renewal/Replacement & System-wide Improvements Fund

The purpose of these programs is to ensure that the current water treatment and delivery systems are functioning effectively and that capital replacement and improvement needs are funded.

This fund is funded from the sale of treated and untreated water and Facility Use fees by new users in the Dougherty Valley. There can also be additional revenues from interest earned on any deposited funds. Revenues by year are shown in the following table and graph.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Grant Revenue	\$10,166	\$0	\$0	\$0	0%
Development Fees	547,570	26,550	316,500	250,000	-21%
Charges for Services	11,230	0	7,000	7,500	7%
Investment Earnings	89,614	141,703	111,776	74,462	-33%
Other Revenue	4,886	0	0	0	0%
Transfers	5,044,148	6,600,000	6,600,000	8,500,000	29%
<b>Totals</b>	<b>\$5,707,614</b>	<b>\$6,768,253</b>	<b>\$7,035,276</b>	<b>\$8,831,962</b>	<b>26%</b>

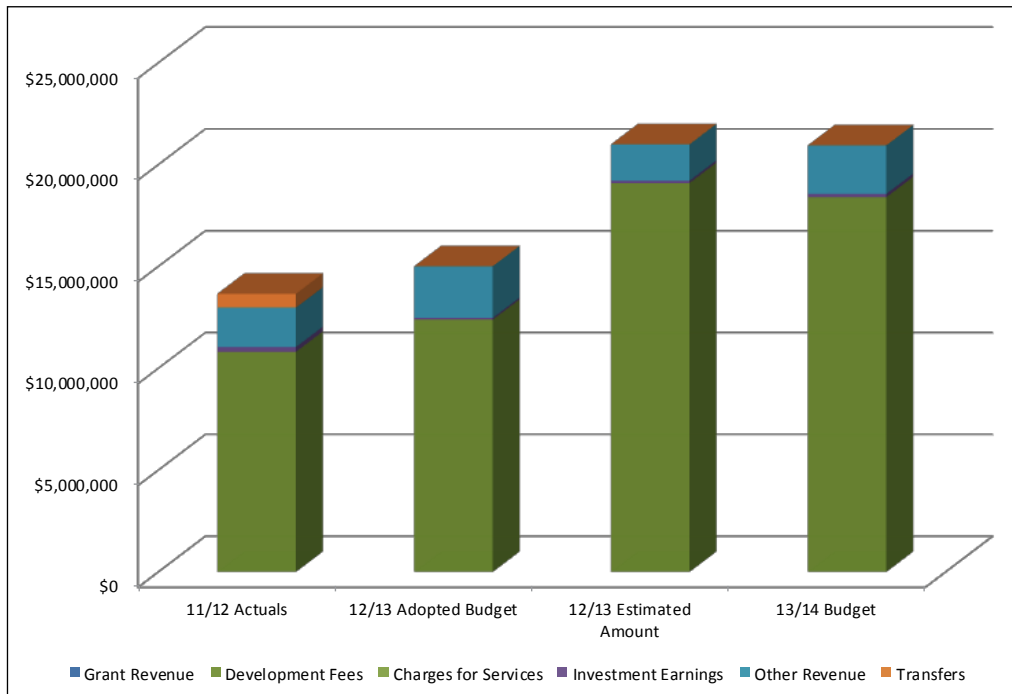


## Water Expansion Fund

The purpose of this program is to ensure that Zone 7 is able to meet future needs for water demands. The program is primarily intended to provide funding for new facilities and water supplies for new development and to fund programs that encourage water conservation measures.

The funding for this program comes entirely from connection fees and is in conformance with the Board's stated policy that new development funds its own needs. Revenues by year are shown in the following table and graph.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Grant Revenue	\$3,389	\$0	\$0	\$0	0%
Development Fees	10,798,372	12,382,587	19,096,319	18,400,000	-4%
Charges for Services	4,264	0	0	0	0%
Investment Earnings	237,540	89,885	119,185	166,565	40%
Other Revenue	1,934,823	2,539,000	1,782,125	2,381,600	34%
Transfers	681,352	0	0	0	0%
<b>Totals</b>	<b>\$13,659,740</b>	<b>\$15,011,472</b>	<b>\$20,997,629</b>	<b>\$20,948,165</b>	<b>-0.2%</b>

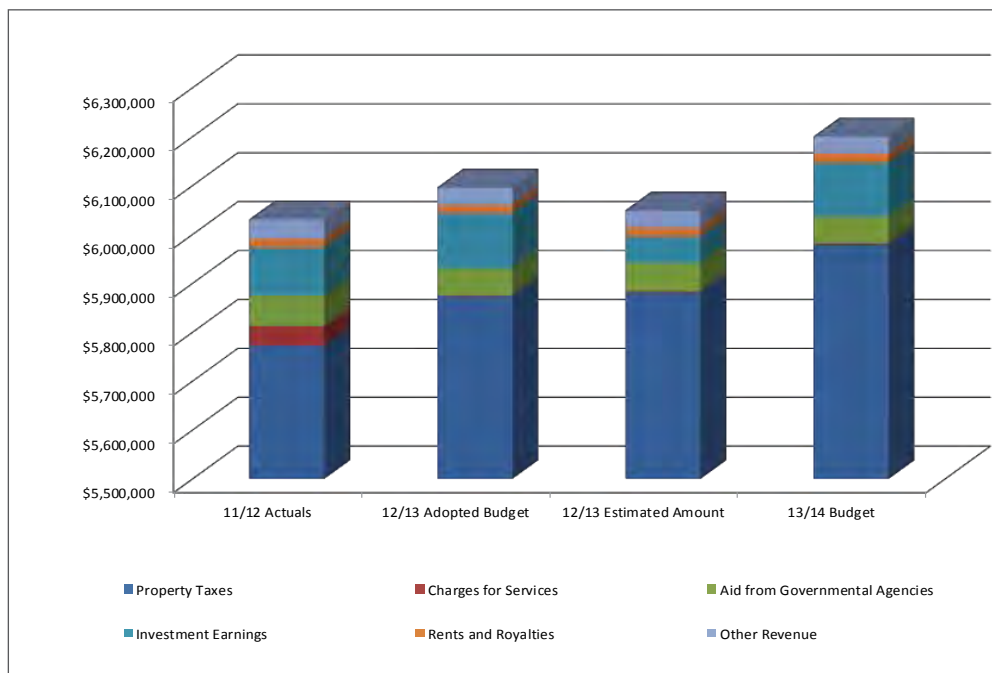


## Flood Control Fund

This budget unit provides the funding for general administration and flood control services. The purpose of this program is to ensure the controlled drainage of the Valley's excess water runoff. Zone 7 manages a watershed of nearly 425 square miles including eastern Alameda County and parts of Contra Costa, Santa Clara and San Joaquin Counties.

This fund is funded by property taxes. Revenues by year are shown in the following table and graph.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Property Taxes	\$5,773,050	\$5,873,310	\$5,881,011	\$5,979,557	2%
Charges for Services	40,851	3,000	3,000	3,000	0%
Aid from Governmental Agencies	61,249	54,690	58,876	54,690	-7%
Investment Earnings	98,592	112,619	53,614	110,600	106%
Rents and Royalties	17,732	17,500	17,500	17,500	0%
Other Revenue	39,423	35,000	35,575	35,000	-2%
<b>Total</b>	<b>\$6,030,897</b>	<b>\$6,096,119</b>	<b>\$6,049,576</b>	<b>\$6,200,347</b>	<b>2%</b>

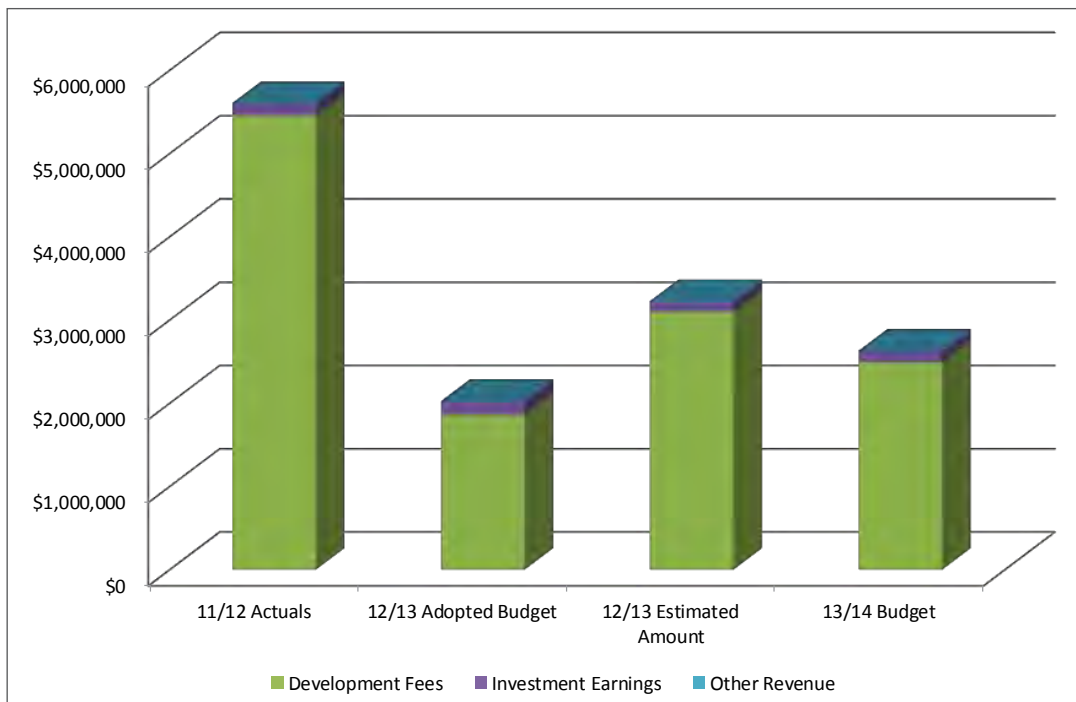


## Flood Protection & Stormwater Drainage DIF Fund

On March 18, 2009, the Zone 7 Board of Directors adopted Ordinance 2009-01, which replaced the Special Drainage Area (SDA) 7-1 development impact fee previously adopted by Zone 7. The new ordinance also established the Flood Protection and Storm Water Drainage Development Impact Fee Fund (Fund 76); consequently, all funds from SDA Operations (Fund 71) and the SDA 7-1 Trust Fund (Fund 90) were transferred to Fund 76, while all of the outstanding SDA 7-1 exemption credits were liquidated.

The purpose of this program is to ensure that Zone 7 is able to meet future needs for flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. The funding for this program comes entirely from new development fees. Funds are expended on the planning, design, lands and R/W acquisition, environmental review, permitting, construction, etc. for drainage projects. Revenues by year are shown in the following table and graph.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Development Fees	\$5,464,326	\$1,872,436	\$3,100,000	\$2,500,000	-19%
Investment Earnings	141,004	154,894	125,000	132,000	6%
Other Revenue	2,036	0	2,500	0	-100%
<b>Totals</b>	<b>\$5,607,366</b>	<b>\$2,027,330</b>	<b>\$3,227,500</b>	<b>\$2,632,000</b>	<b>-18%</b>

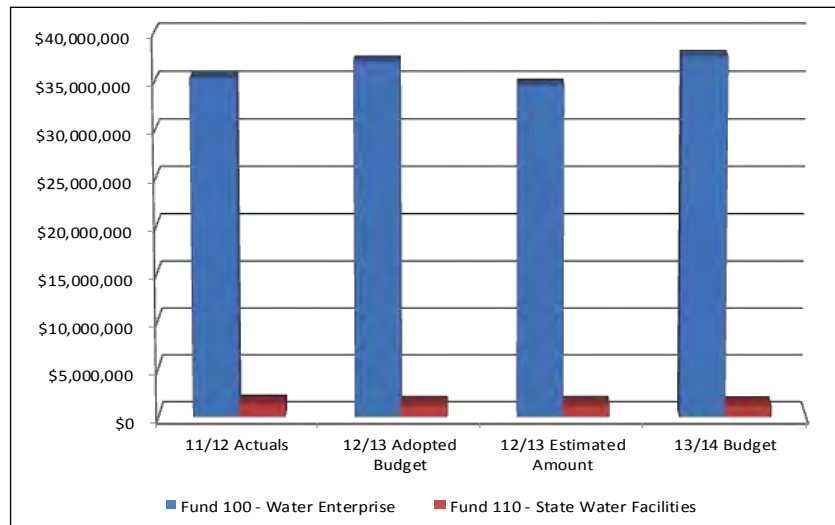




## Water Sales

Water sales are the primary source of revenue for the Agency. Our major customers are the cities of Pleasanton, Livermore, Dublin, Dublin-San Ramon Service District for Dougherty Valley area, and California Water Service, collectively referred to as the retailers.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Fund 100 - Water Enterprise	\$35,398,909	\$37,085,455	\$34,673,112	\$37,664,745	9%
Fund 110 - State Water Facilities	1,460,225	1,314,313	1,314,313	1,299,710	-1%
<b>Totals</b>	<b>\$36,859,134</b>	<b>\$38,399,768</b>	<b>\$35,987,425</b>	<b>\$38,964,455</b>	<b>8%</b>



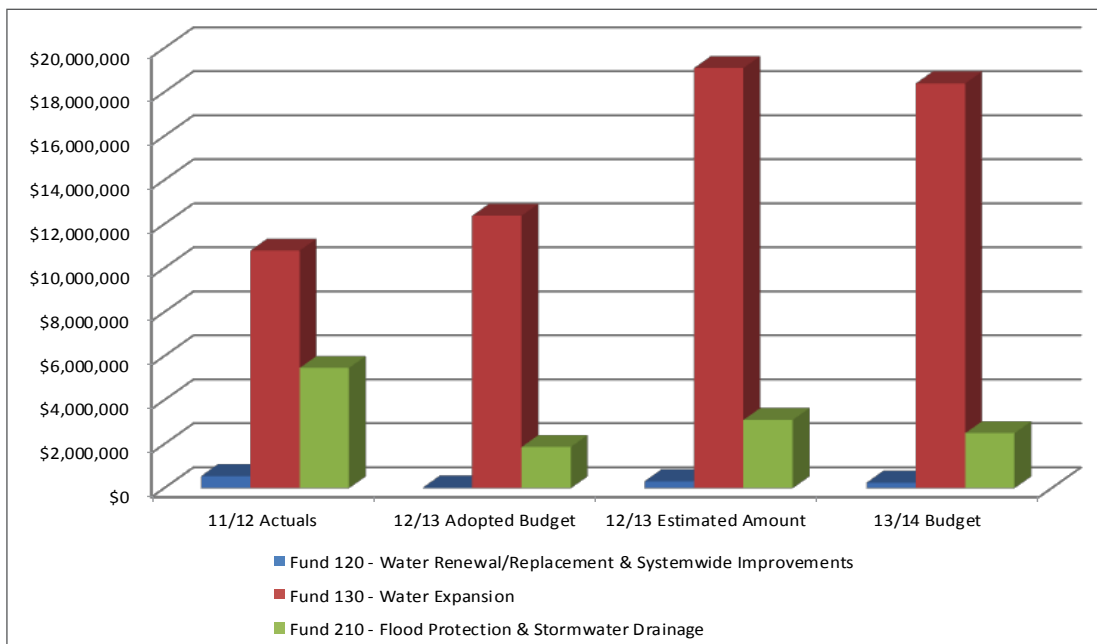
### Zone 7 Treated Water Rate History

Effective Date	Rate per Acre-Foot	% Change
January 1, 2004	\$562	0%
January 1, 2005	\$562	0%
January 1, 2006	\$591	5%
January 1, 2007	\$635	7%
January 1, 2008	\$689	8%
January 1, 2009	\$804	16%
January 1, 2010	\$878	9%
January 1, 2011	\$900	3%
January 1, 2012	\$945	5%
January 1, 2013	\$945	0%

## Development Fees

Development fees are the second main source of revenue for the Agency.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	\$547,570	\$26,550	\$316,500	\$250,000	-21%
Fund 130 - Water Expansion	10,798,372	12,382,587	19,096,319	18,400,000	-4%
Fund 210 - Flood Protection & Stormwater Drainage	5,464,326	1,872,436	3,100,000	2,500,000	-19%
<b>Totals</b>	<b>\$16,810,269</b>	<b>\$14,281,573</b>	<b>\$22,512,819</b>	<b>\$21,150,000</b>	<b>-6%</b>



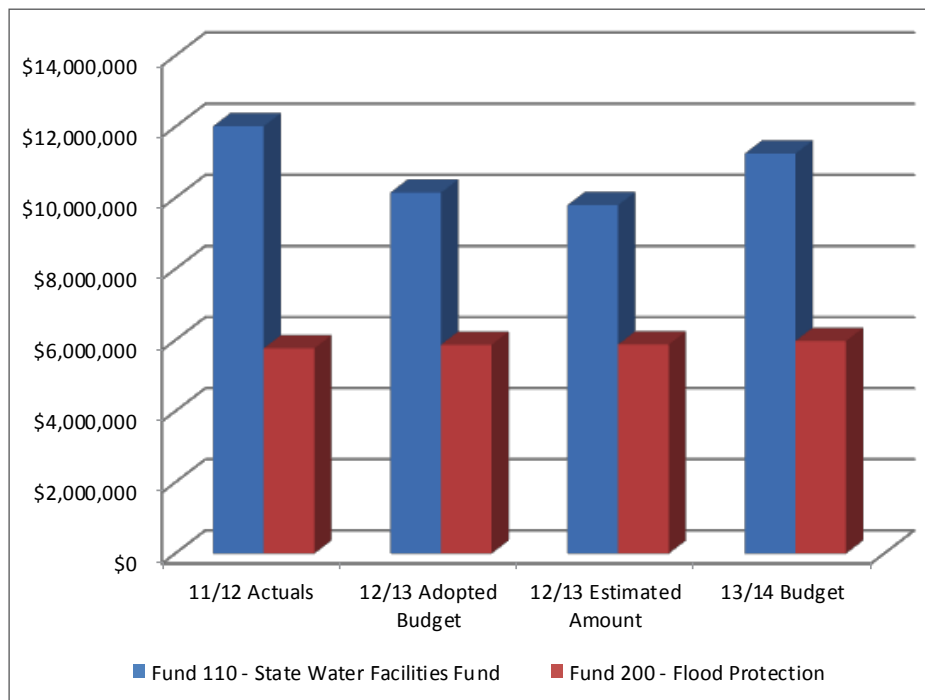
### Zone 7 Water Connection Fee History

Effective Date	Zone 7	Dougherty Valley	% Change
January 1, 2004	\$10,600	\$9,780	3%
October 18, 2004	\$13,050	\$12,080	24%
January 1, 2006	\$13,500	\$12,500	3%
January 1, 2007	\$19,570	\$18,120	45%
January 1, 2008	\$20,270	\$18,770	4%
January 1, 2009	\$21,550	\$19,950	6%
January 1, 2010	\$21,550	\$19,950	0%
January 1, 2011	\$22,230	\$20,580	3%
January 1, 2012	\$22,930	\$21,230	3%
January 1, 2013	\$23,500	\$21,750	2%

## Property Taxes

Property taxes are the third main source of revenue for the Agency.

	11/12 Actuals	12/13 Adopted Budget	12/13 Estimated Amount	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Fund 110 - State Water Facilities	\$12,017,106	\$10,150,000	\$9,799,208	\$11,247,000	15%
Fund 200 - Flood Protection	5,773,050	5,873,310	5,881,011	5,979,557	2%
<b>Totals</b>	<b>\$17,790,157</b>	<b>\$16,023,310</b>	<b>\$15,680,219</b>	<b>\$17,226,557</b>	<b>10%</b>





# Expenses

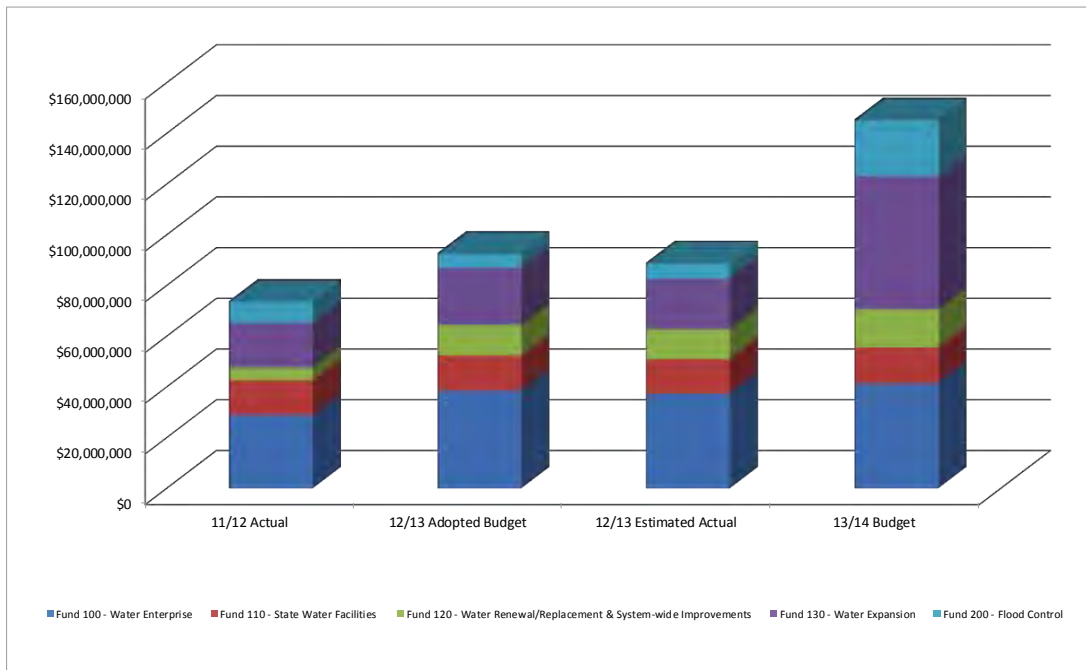


Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

## Expenses

Supplying water represents the majority of expenses for the Agency. The following table summarizes Agency-wide expenses by fund.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Fund 100 - Water Enterprise	\$29,146,838	\$38,804,500	\$37,653,711	\$41,823,474	11%
Fund 110 - State Water Facilities	13,858,279	13,974,125	13,837,954	14,118,181	2%
Fund 120 - Water Renewal/Replacement & System-wide Improvements	4,985,890	12,023,062	11,701,991	14,920,377	28%
Fund 130 - Water Expansion	17,486,256	22,455,379	19,887,027	52,528,015	164%
Fund 200 - Flood Control	8,499,484	5,654,148	6,012,893	22,230,365	270%
Fund 210 - Flood Protection	5,726,128	3,347,956	3,177,357	5,962,539	88%
<b>Totals</b>	<b>\$79,702,875</b>	<b>\$96,259,170</b>	<b>\$92,270,933</b>	<b>\$151,582,951</b>	<b>64%</b>

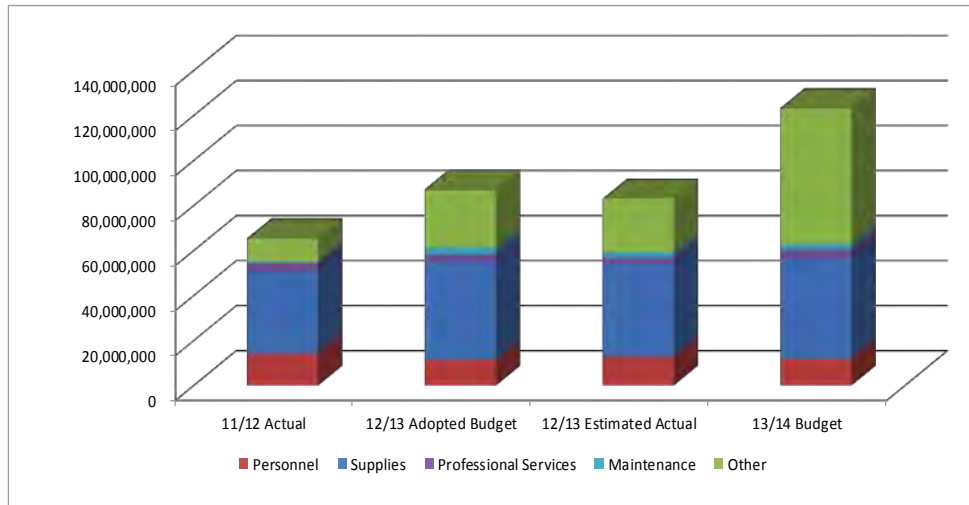


## Expenses by Major Funding Area – Water Enterprise

Water supplies are the majority of expenses for the water enterprise funds.

The following table summarizes water enterprise expenses.

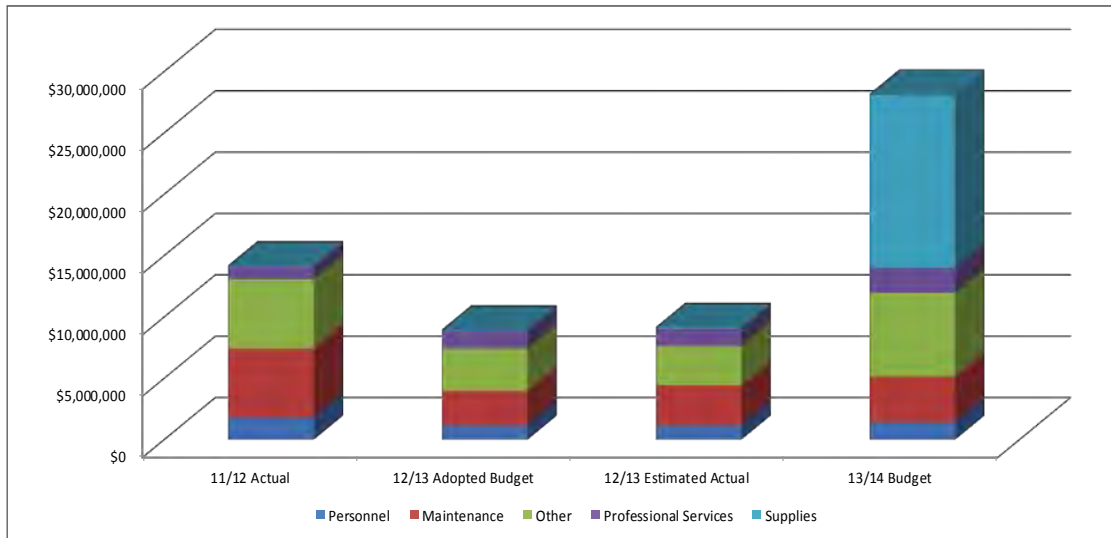
Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Personnel	\$14,552,113	\$11,532,274	\$13,021,858	\$12,116,914	-7%
Supplies	36,349,237	43,514,690	41,161,973	44,336,251	8%
Professional Services	3,862,536	3,523,035	2,925,432	4,406,677	51%
Maintenance	387,997	2,955,100	2,402,796	2,381,514	-1%
Other	10,325,380	25,731,967	23,568,624	60,148,691	155%
<b>Totals</b>	<b>\$65,477,263</b>	<b>\$87,257,066</b>	<b>\$83,080,683</b>	<b>\$123,390,047</b>	<b>49%</b>



## Expenses by Major Funding Area – Flood Control

Maintenance activities are the majority of expenses for the Flood Control funds. The following table summarizes Flood Control expenses.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Personnel	\$1,837,800	\$1,218,073	\$1,218,073	\$1,457,332	20%
Maintenance	5,644,025	2,795,000	3,220,245	3,742,156	16%
Other	5,676,559	3,490,456	3,253,357	6,801,405	109%
Professional Services	1,005,928	1,430,975	1,430,975	2,029,700	42%
Supplies	61,299	67,600	67,600	14,162,311	20850%
<b>Totals</b>	<b>\$14,225,612</b>	<b>\$9,002,104</b>	<b>\$9,190,250</b>	<b>\$28,192,904</b>	<b>207%</b>





## Water Enterprise Fund

This budget finances Zone 7’s water program which includes general administration, facilities engineering, operations and maintenance of the water supply and delivery system, water resources management, and water supply planning and design.

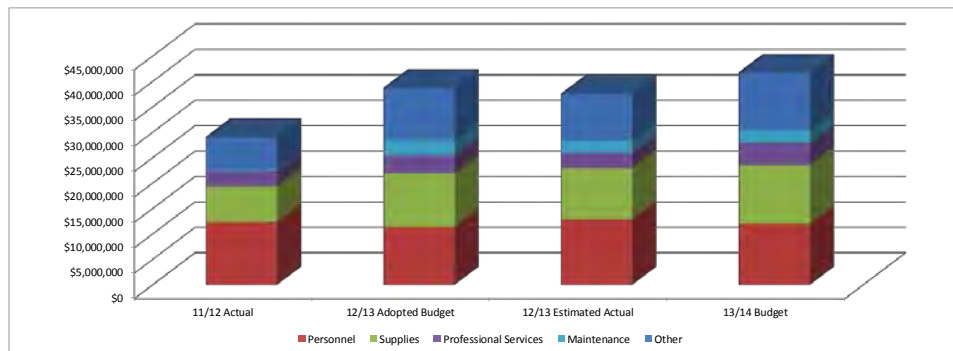
The purpose of this fund is to ensure the delivery of high quality water to the Livermore-Amador Valley. Expenses by year are shown in the following graph.

Expenses by section are shown in the table below.

Sections	13/14 Budget
Office of the General Manager	\$18,998,456
Finance	1,388,189
Employee Services	1,434,191
Facilities Engineering	1,455,500
Flood Control	17,205
Groundwater	961,057
Water Quality	1,343,113
Integrated Planning	1,317,994
Operations	10,158,801
Maintenance	4,748,968
<b>Totals</b>	<b>\$41,823,474</b>

Expenses by year are shown in the following table and graph.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Personnel	\$12,529,537	\$11,532,274	\$13,021,858	\$12,116,914	-7%
Supplies	6,971,568	10,519,449	10,090,626	11,563,883	15%
Professional Services	2,956,793	3,523,035	2,925,432	4,406,677	51%
Maintenance	387,997	2,955,100	2,402,796	2,381,514	-1%
Other	6,300,944	10,274,642	9,212,999	11,354,486	23%
<b>Totals</b>	<b>\$29,146,838</b>	<b>\$38,804,500</b>	<b>\$37,653,711</b>	<b>\$41,823,474</b>	<b>11%</b>



## State Water Facilities Fund

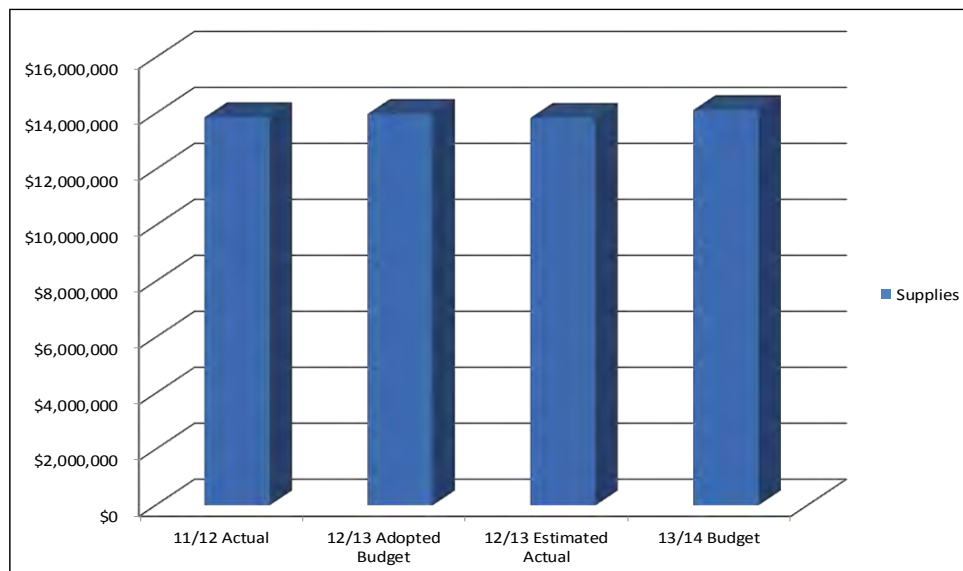
This budget finances the “fixed cost” payment to the State Department of Water Resources (DWR) to import water to Zone 7. The purpose is to pay the costs for use of the State water delivery system, which includes repayment of voter approved, State incurred, long-term debt.

Expenses by section are shown in the following table.

Category	13/14 Budget
Office of the General Manager	\$14,118,181
<b>Total</b>	<b>\$14,118,181</b>

Expenses by year are shown in the following table.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Supplies	\$13,858,279	\$13,974,125	\$13,837,954	\$14,118,181	2%
<b>Total</b>	<b>\$13,858,279</b>	<b>13,974,125</b>	<b>13,837,954</b>	<b>\$14,118,181</b>	<b>2%</b>



## Water Renewal/Replacement & System-wide Improvements Fund

The purpose of these programs is to ensure that the current water treatment and delivery systems are functioning effectively and that capital replacement and improvement needs are funded.

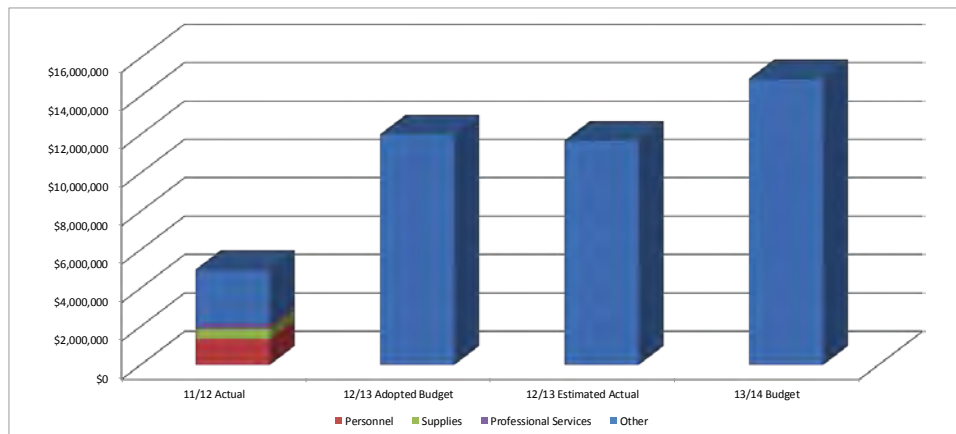
Expenses by section are shown in the following table.

Category	13/14 Budget
Office of the General Manager	\$7,998,051
Finance	27,750
Facilities Engineering	5,710,000
Groundwater	350,000
Water Quality	174,000
Integrated Planning	390,576
Maintenance	270,000
<b>Totals</b>	<b>\$14,920,377</b>

Expenses by year are shown in the following table.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Personnel*	\$1,378,299	\$0	\$0	\$0	0%
Supplies	531,904	0	0	0	0%
Professional Services	278,825	0	0	0	0%
Other (Capital Projects)	2,796,862	12,023,062	11,701,991	14,920,377	28%
<b>Totals</b>	<b>\$4,985,890</b>	<b>\$12,023,062</b>	<b>\$11,701,991</b>	<b>\$14,920,377</b>	<b>28%</b>

\*Personnel costs for the capital funds are budgeted in Other (Capital Projects).



## Water Expansion Fund

The purpose of this program is to ensure that Zone 7 is able to meet future needs for water demands. The program is primarily intended to provide funding for new facilities and water supplies for new development and to fund programs that encourage water conservation measures.

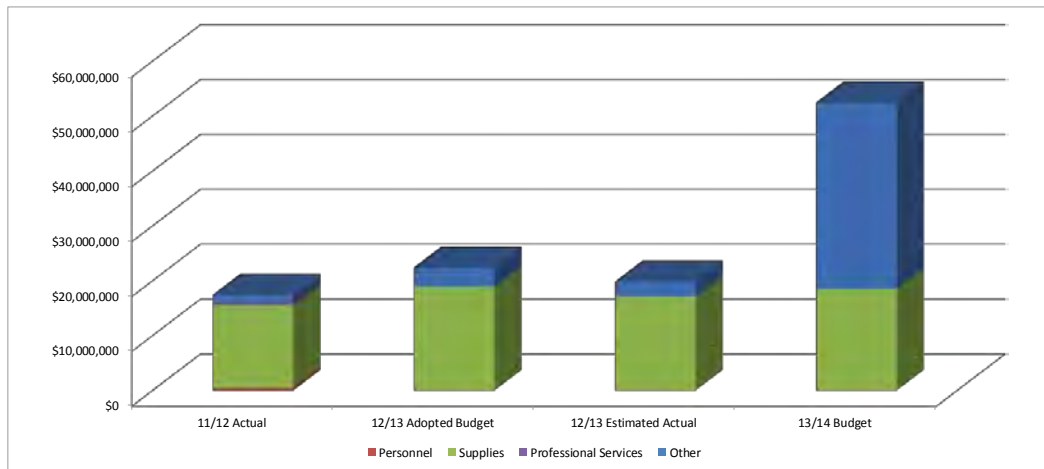
Expenses by section are shown in the following table.

Category	13/14 Budget
Office of the General Manager	\$50,704,412
Finance	83,250
Facilities Engineering	980,000
Groundwater	150,000
Water Quality	6,000
Integrated Planning	604,353
Maintenance	0
<b>Totals</b>	<b>\$52,528,015</b>

Expenses by year are shown in the following table.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Personnel*	\$644,277	\$0	\$0	\$0	0%
Supplies	14,987,487	19,021,116	17,233,393	18,654,187	8%
Professional Services	626,918	0	0	0	0%
Other (Capital Projects)	1,227,574	3,434,263	2,653,634	33,873,828	1177%
<b>Totals</b>	<b>\$17,486,256</b>	<b>\$22,455,379</b>	<b>\$19,887,027</b>	<b>\$52,528,015</b>	<b>164%</b>

\*Personnel costs for the capital funds are budgeted in Other (Capital Projects).



## Flood Control Fund

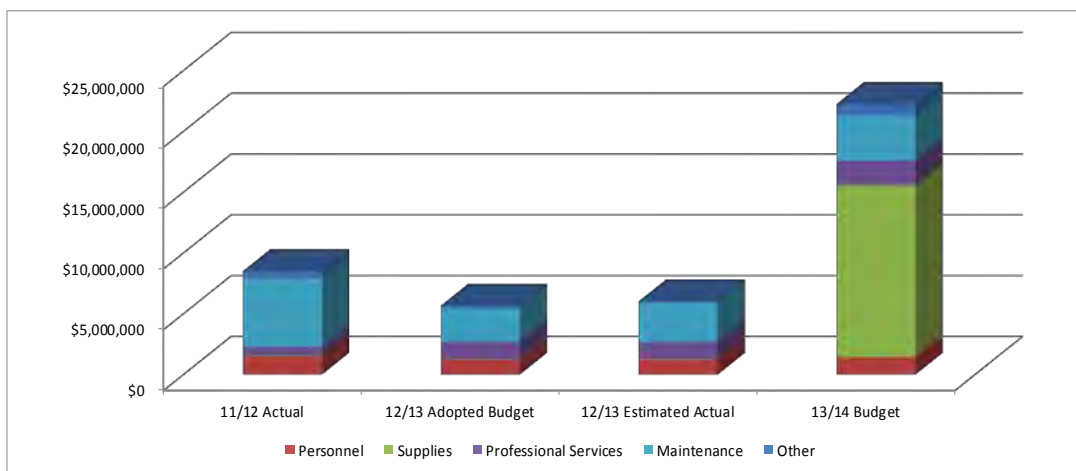
This budget unit provides the funding for general administration and flood control services. The purpose of this program is to ensure the controlled drainage of the Valley’s excess water runoff. Zone 7 manages a watershed of nearly 425 square miles including eastern Alameda County and parts of Contra Costa, Santa Clara and San Joaquin Counties.

Expenses by section are shown in the following table.

Department	13/14 Budget
Office of the General Manager	\$14,365,994
Finance	3,663
Facilities Engineering	1,555,219
Groundwater	25,152
Integrated Planning	2,225,499
Flood Control	4,018,749
Maintenance	36,089
<b>Totals</b>	<b>\$22,230,365</b>

Expenses by year are shown in the following table.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Personnel	\$1,509,800	\$1,218,073	\$1,218,073	\$1,457,332	20%
Supplies	61,299	67,600	67,600	14,162,311	20850%
Professional Services	746,569	1,430,975	1,430,975	2,029,700	42%
Maintenance	5,644,025	2,795,000	3,220,245	3,742,156	16%
Other	537,790	142,500	76,000	838,866	1004%
<b>Totals</b>	<b>\$8,499,484</b>	<b>\$5,654,148</b>	<b>\$6,012,893</b>	<b>\$22,230,365</b>	<b>270%</b>



## Flood Protection & Stormwater Drainage Fund

On March 18, 2009, the Zone 7 Board of Directors adopted Ordinance 2009-01, which replaced the Special Drainage Area (SDA) 7-1 development impact fee previously adopted by Zone 7. The new ordinance also established the Flood Protection and Storm Water Drainage Development Impact Fee Fund (Fund 76); consequently, all funds from SDA Operations (Fund 71) and the SDA 7-1 Trust Fund (Fund 90) were transferred to Fund 76, while all of the outstanding SDA 7-1 exemption credits were liquidated.

The purpose of this program is to ensure that Zone 7 is able to meet future needs for flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development.

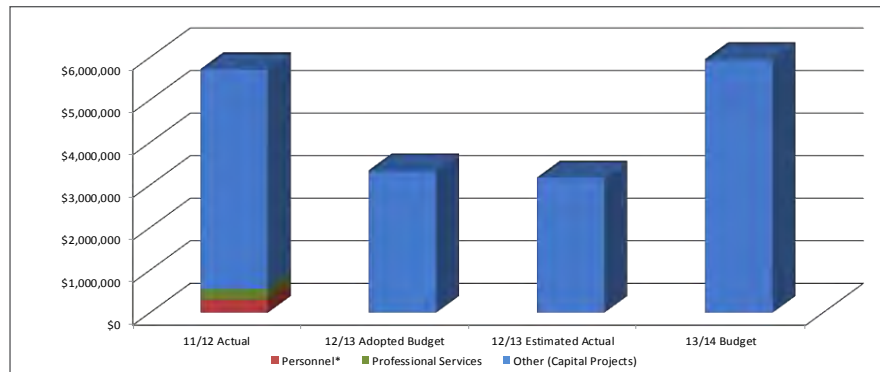
Expenses by section are shown in the following table.

Category	13/14 Budget
Office of the General Manager	\$4,390,494
Finance	6,000
Facilities Engineering	282,200
Integrated Planning	1,283,845
<b>Totals</b>	<b>\$5,962,539</b>

Expenses by year are shown in the following table.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Personnel*	\$328,000	\$0	\$0	\$0	0%
Professional Services	259,359	0	0	0	0%
Other (Capital Projects)	5,138,769	3,347,956	3,177,357	5,962,539	88%
<b>Totals</b>	<b>\$5,726,128</b>	<b>\$3,347,956</b>	<b>\$3,177,357</b>	<b>\$5,962,539</b>	<b>88%</b>

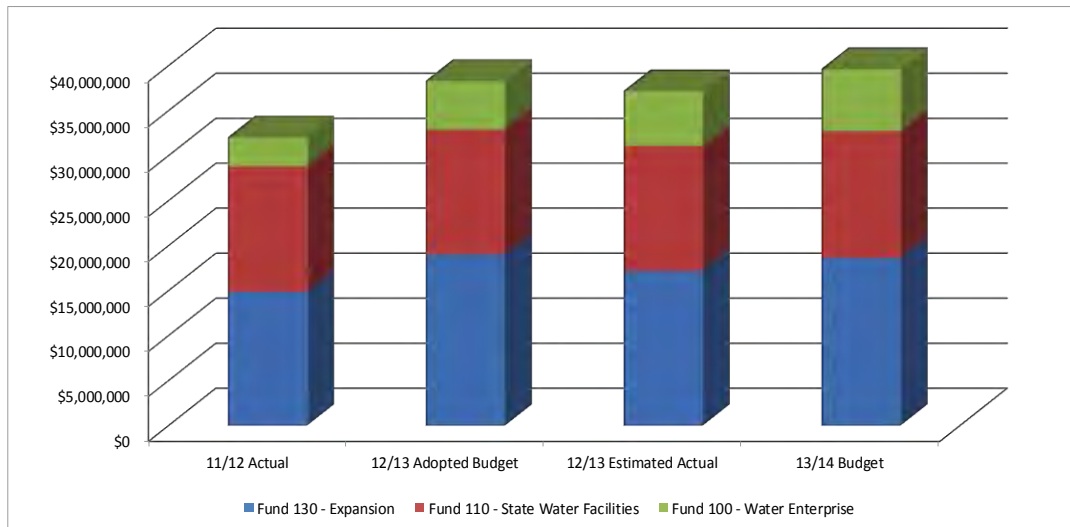
\*Personnel costs for the capital funds are budgeted in Other (Capital Projects).



## Water Purchases

Water purchases are a major expense for Zone 7. The Agency purchases approximately 80% of its water supply from the State Water Project (SWP). The Department of Water Resources prepares annual Statement of Charges (SOC) for the Agency. The SOC charges are split between fixed and variable charges. The SWP fixed costs are paid via property taxes and connection fees and the variable costs are paid via water sales.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Fund 100 - Water Enterprise	\$3,206,921	\$5,327,008	\$6,127,008	\$6,878,235	12%
Fund 110 - State Water Facilities	\$13,858,279	\$13,974,125	\$13,837,954	\$14,118,181	2%
Fund 130 - Water Expansion	\$14,987,487	\$19,021,116	\$17,233,393	\$18,654,187	8%
<b>Totals</b>	<b>\$32,052,686</b>	<b>\$38,322,249</b>	<b>\$37,198,355</b>	<b>\$39,650,603</b>	<b>7%</b>

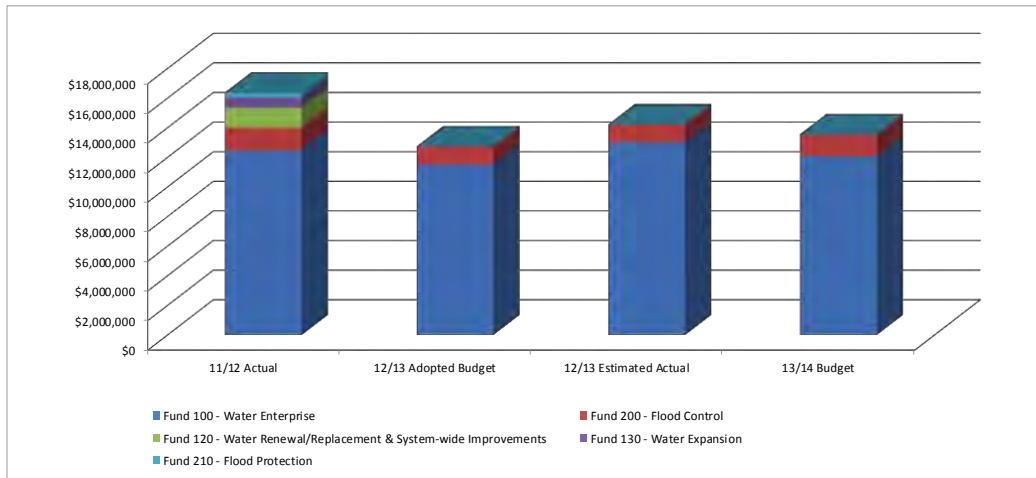


## Personnel

The District's largest expense is personnel costs. Personnel costs are an average around 50% of the total operating costs. The personnel section describes the District's staffing, employee bargaining units and benefits. Both the salary increases and benefit costs have an impact on the budget. See further discussion and analysis on the following pages.

The District charges staff time directly to capital projects. Each section estimates the percentage of time planned for capital projects for every staff member, these personnel costs are budgeted within the individual capital project budgets.

Category	11/12 Actual	12/13 Adopted Budget	12/13 Estimated Actual	13/14 Budget	% Change (13/14 budget to 12/13 est actuals)
Fund 100 - Water Enterprise	\$12,529,537	\$11,532,274	\$13,021,858	\$12,116,914	-7%
Fund 200 - Flood Control	1,509,800	1,218,073	1,218,073	1,457,332	20%
Fund 120 - Water Renewal/Replacement & System-wide Improvements	1,378,299	0	0	0	0%
Fund 130 - Water Expansion	644,277	0	0	0	0%
Fund 210 - Flood Protection	328,000	0	0	0	0%
<b>Totals</b>	<b>\$16,389,913</b>	<b>\$12,750,347</b>	<b>\$14,239,931</b>	<b>\$13,574,246</b>	<b>-5%</b>

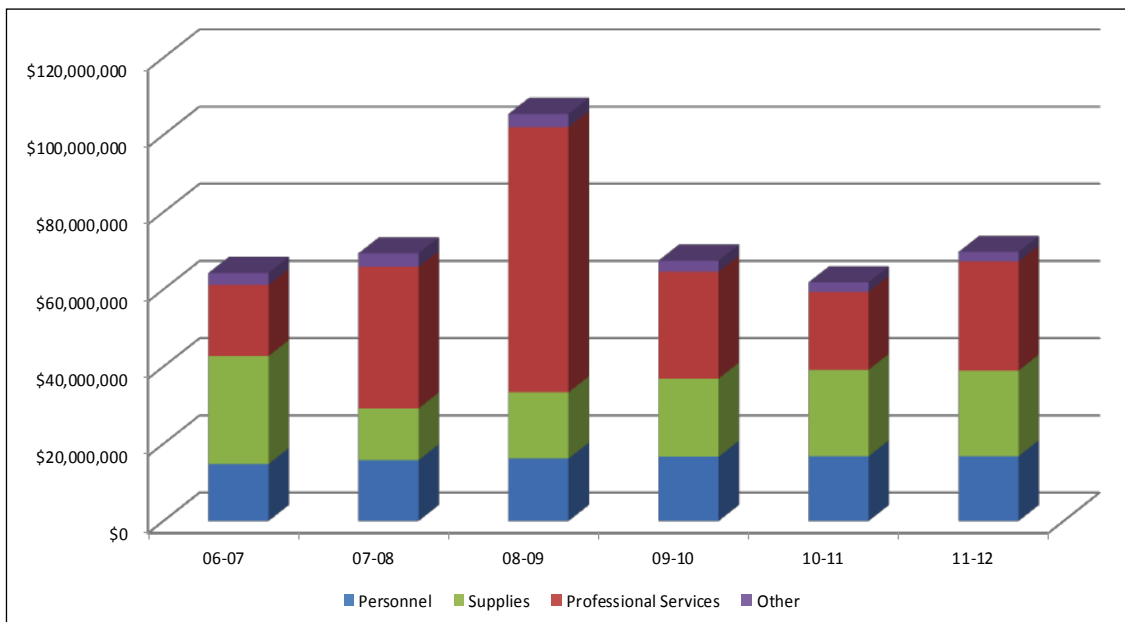




## Expense History

The following table shows a six year history by major expense category.

	06-07	07-08	08-09	09-10	10-11	11-12
Personnel	\$14,754,696	\$15,736,272	\$16,169,912	\$16,625,412	\$16,749,379	\$16,795,668
Supplies	27,971,830	13,426,504	17,153,756	20,244,965	22,424,032	22,188,894
Professional Services	18,449,464	36,655,932	68,699,233	27,686,944	20,159,191	28,202,688
Other	3,065,193	3,498,440	3,395,414	2,862,338	2,462,702	2,473,994
<b>Total</b>	<b>\$64,241,183</b>	<b>\$69,317,148</b>	<b>\$105,418,315</b>	<b>\$67,419,659</b>	<b>\$61,795,304</b>	<b>\$69,661,244</b>



## Capital Improvement Program

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

Zone 7 has undertaken many planning efforts, for example the Asset Management Program (AMP) Update, Stream Management Master Plan (SMMP), Well Master Plan (WMP), and the 2010 Urban Water Management Plan (UWMP). Collectively, these studies have identified: 1) the types of renewal/replacement and improvement projects needed maintain a reliable and efficient water system; 2) current and projected demands on our water system and Zone 7's facilities needed to meet such demands; 3) operational improvements and additional studies that will minimize near-term risks of water supply shortages and maximize long-term flexibility; 4) and integrated resource management projects for Zone 7's flood protection facilities. These master plans provide a roadmap for the scope and scheduling of projects in the CIP.

### Water System CIP Overview

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

Various capital projects and programs are needed to ensure a reliable and high quality water supply in accordance with the mission, goals and policy objectives established by the Board. These projects anticipate the need to renew, replace and improve existing infrastructure (paid from Fund 120, Renewal/Replacement and System-Wide Improvements) and to construct new facilities needed to accommodate future growth (Fund 130, Expansion).

### Flood Protection CIP Overview

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

The following pages list the FY 13/14 capital projects by fund.

## Capital Improvement Program (CIP)

Water Enterprise Capital Project Listing

Fund 120 – Renewal/Replacement & System-wide Improvements

FY 13/14 Budget - Fund 120 Capital Project List	
Project	FY 13/14 Budget
Watershed Investments	\$6,817,051
DVWTP Superpulsator Rehabilitation	3,260,000
DVWTP Ammonia Facility Replacement	780,000
Contingency	750,000
North Canyons Building Lease	431,000
PPWTP Ultrafiltration Membrane Replacement	410,000
AV Water Right Permit Extension	339,326
Mocho Well No. 1 Sanding Investigation	330,000
Groundwater Model Update	300,000
Minor Renewal/Replacement Projects	270,000
PPWTP Ferric Chloride & Caustic Improvements	220,000
SCADA Enhancements Project	200,000
Laboratory Equipment Replacement	160,000
Cope Lake Water Transfer Project	150,000
Groundwater Management Plan/SNMP Update	140,000
PPWTP Sludge Handling	120,000
PPWTP UF Clarifier Corrosion Control	120,000
DVWTP Sludge Under drain Overflow Improvements	80,000
Asset Management Program Update	40,000
CIP Management	27,750
Water Quality Management Program	14,000
Chain of Lakes Planning	11,250
<b>Total</b>	<b>\$14,970,377</b>

## Capital Improvement Program (CIP)

Water Enterprise Capital Project Listing

Fund 130 – Expansion

FY 13/14 Budget - Fund 130 Capital Project List	
Project	FY 13/14 Budget
ISA Payoff	\$30,503,481
SBA Enlargement Project	13,932,922
Fixed Costs for Expansion	3,000,000
Cawelo Groundwater Banking Program	1,295,056
Arroyo Mocho Low Flow Crossings	630,000
Watershed Investments	555,194
North Canyons Building Lease	424,350
Cope Lake Water Transfer Project	350,000
Arroyo Mocho Diversion Facility Coordination	272,303
ISA Interest	250,000
Contingency	250,000
Bay Area Regional Desalination Project - Planning	220,000
DWR - DHCCP Charges	185,830
Variable Costs for Expansion	128,556
Groundwater Model Update (LGA Grant)	90,000
CIP Management	83,250
SWP Peaking Payment - Lost Hills, Belridge	63,823
Groundwater Management Plan/SNMP Update	60,000
High Efficiency Washing Machine Rebate Program	52,500
Semitropic Water Storage Program	48,000
Bay Delta Conservation Planning	30,000
Chain of Lakes Planning	26,250
High Efficiency Toilet Rebate Program	24,000
Delta Outreach	21,000
CUWA Membership	18,000
Water Conservation Best Management Practices	7,500
Water Quality Management Program	6,000
<b>Total</b>	<b>\$52,528,015</b>

## Flood Control Capital Project Listing

Fund 200 – General Fund/Flood Control

FY 13/14 Budget – Fund 200 Capital Project List	
Project	FY 13/14 Budget
Watershed Investments	\$13,605,261
Reach 1-7 Arroyo Las Positas Improvements @Vasco Road	1,170,300
SMMP Flood Facilities Land Acquisition - Chain of Lakes	537,500
Arroyo de la Laguna Improvement Planning	442,549
Stanley Reach Planting, Maintenance & Monitoring	415,000
Flood Control Hydrology/Hydraulic Model Development	53,100
SMMP Update	53,100
BAFPAA - Consultant Support	50,000
Opportunity Grant Funding	50,000
Environmental Consultant	50,000
Geomorphic Study	50,000
Surveying for Hydraulic Model	50,000
Reach 3-5 Arroyo Mocho @ Stanley	41,500
Non-Profit Partnership	25,000
Chabot/Tassajara Evaluation	24,900
Reach 5-2 Airway Blvd Reach Evaluation	24,900
South San Ramon Creek Evaluation	24,900
Chain of Lakes Planning	16,500
Public Outreach/Government Affairs	5,000
Monte Vista Evaluation	4,150
<b>Total</b>	<b>\$16,693,660</b>

## Flood Control Capital Project Listing

Fund 210 – Flood Protection & Stormwater Drainage DIF

FY 13/14 Budget – Fund 210 Capital Project List	
Project	FY 13/14 Budget
Watershed Investments	\$4,022,494
North Canyons Building Lease	118,000
CIP Management	6,000
Contingency	250,000
Reach 3-5 Arroyo Mocho @ Stanley	8,500
Reach 1-7 Arroyo Las Positas Improvements @Vasco Road	273,700
Arroyo de la Laguna Improvement Projects	121,134
Chabot/Tassajara Evaluation Study	21,065
COLs Planning	21,000
Flood Control Hydrology Study	217,300
Monte Vista Evaluation Study	16,815
Reach 5-2 Airway Blvd Reach Evaluation Study	21,065
Reach 3-5 Arroyo Mocho @ Stanley	85,000
SMMP Flood Facilities Land Acquisition - Chain of Lakes	712,500
South San Ramon Creek Evaluation Study	21,065
Steelhead and Related Studies	10,000
Stream Management Master Plan and DIF Update	36,900
<b>Total</b>	<b>\$5,962,539</b>

# Department Overview



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

## Personnel

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Office of the General Manager	13.00	10.00	14.00	7.00	-7.00
Finance	11.00	10.00	11.00	9.00	-2.00
Employee Services	6.00	6.00	6.00	7.00	1.00
Water Quality	7.50	7.50	7.50	7.50	0.00
Integrated Planning	0.00	0.00	0.00	7.50	7.50
Water Facilities	16.00	16.00	15.00	13.00	-2.00
Groundwater Protection	9.00	9.00	8.00	7.00	-1.00
Operations	25.00	24.00	24.00	24.00	0.00
Maintenance	18.00	19.00	19.00	19.00	0.00
Flood Control	7.00	7.00	6.00	5.00	-1.00
<b>Total</b>	<b>112.50</b>	<b>108.50</b>	<b>110.50</b>	<b>106.00</b>	<b>-4.50</b>

## Employee Bargaining Units

The Agency has four bargaining units. Below is a listing of each unit:

### Alameda County Management Employees' Association (ACMEA)

- Contract end date: June 22, 2013
- CPI adjustment of 2.65% on July 8, 2012

### International Federation of Professional and Technical Engineers (IFPTE), Local 21

- Contract end date: June 28, 2011
- CPI adjustment of 2.65% on July 8, 2012

### Service Employees International Union (SEIU), Local 1021

- Contract end date: June 22, 2013
- CPI adjustment of 2.65% on July 8, 2012

### Alameda County Building and Construction Trades Council (ACBCTC)

- Contract end date: June 28, 2011
- CPI adjustment of 2.65% on July 8, 2012

The General Manager is an at-will contract employee.  
Unrepresented Managers follow the Alameda County Administrative Code.

The Board reviews all new position requests, authorizes total "full time equivalent" (FTE) positions and approves salary ranges after negotiation with the bargaining units.



## Office of the General Manager

This group provides overall administrative and management support to the Agency.

### Office of the General Manager Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
General Manager	1.00	1.00	1.00	1.00	0.00
Assistant General Manager	1.00	1.00	1.00	1.00	0.00
Asst Gen Manager, Engineering	1.00	1.00	0.00	0.00	-1.00
Assistant Gen Mgr, Administration	0.00	0.00	0.00	1.00	0.00
General Counsel	1.00	0.00	0.00	0.00	0.00
Environmental & Public Affairs Manager	1.00	0.00	0.00	0.00	0.00
Water Resources Technician II	0.00	0.00	0.00	0.00	0.00
Executive Assistant	1.00	1.00	1.00	1.00	0.00
Secretary	2.00	2.00	2.00	2.00	0.00
Senior Engineer/Geologist	0.00	0.00	2.00	0.00	2.00
Associate Engineer (Engineer III)	0.00	0.00	2.00	0.00	2.00
Associate Water Resources Planner	1.00	1.00	2.00	0.00	1.00
Assistant Water Resources Planner	1.00	1.00	0.00	0.00	-1.00
Water Conservation Coordinator	1.00	1.00	1.00	0.00	0.00
Staff Analyst	0.00	0.00	0.00	0.00	0.00
Office Assistant	1.00	0.00	0.00	0.00	0.00
Communications Specialist	1.00	1.00	1.00	0.00	0.00
Administrative Student Intern	0.00	0.00	0.00	1.00	0.00
Water Resources Engineer Trainee	0.00	0.00	1.00	0.00	1.00
<b>Office of the General Manager</b>	<b>13.00</b>	<b>10.00</b>	<b>14.00</b>	<b>7.00</b>	<b>4.00</b>

### Office of the General Manager Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$18,998,456
Fund 110 - State Water Facilities	14,118,181
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	7,998,051
Fund 130 - Capital Expansion	50,704,412
Fund 200 - Flood Control	14,365,994
Fund 210 - Flood Protection & Stormwater Drainage	4,390,494
<b>Total</b>	<b>\$110,575,588</b>

### Office of the General Manager Budget by Program

	13/14 Budget
Water Utility Support Services	\$39,697,049
Supply Source & Conveyance	36,788,397
Water Storage	2,961,206
Water Treatment	75,000
Central Administration	3,002,653
Flood Protection	14,365,994
Capital Projects	13,685,289
<b>Total</b>	<b>\$110,575,588</b>

## Finance

Provides governmental and enterprise accounting; accounts payable; billing for services and receivables; contract monitoring; payroll; Agency-wide internal controls; financial reporting; financial forecasting and analysis; budget development, monitoring and control; purchasing services; information technology/GIS services; and risk management liaison.

### Finance Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Assistant Gen Mgr, Finance	1.00	1.00	1.00	0.00	-1.00
Financial & Systems Services Manager	1.00	1.00	1.00	1.00	0.00
Accounting Manager	1.00	1.00	1.00	1.00	0.00
Senior Auditor/Accountant	1.00	1.00	1.00	1.00	0.00
Staff Analyst	1.00	1.00	2.00	1.50	-0.50
Geographic Information Systems Analyst	1.00	1.00	1.00	0.00	-1.00
Senior Procurement & Contracts Specialist	0.00	0.00	0.00	0.00	0.00
Buyer II	1.00	1.00	1.00	1.00	0.00
Office Assistant	0.00	0.00	0.00	0.50	0.50
Account Clerk	3.00	3.00	3.00	3.00	0.00
<b>Finance</b>	<b>11.00</b>	<b>10.00</b>	<b>11.00</b>	<b>9.00</b>	<b>-2.00</b>

### Finance Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$1,388,189
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	27,750
Fund 130 - Water Expansion	83,250
Fund 200 - Flood Control	3,663
Fund 210 - Flood Protection & Stormwater Drainage	6,000
<b>Total</b>	<b>\$1,508,852</b>

### Finance Budget by Program

	13/14 Budget
Water Utility Support Services	\$115,380
Supply Source & Conveyance	52,658
Central Administration	1,220,151
Flood Protection	3,663
Capital Projects	117,000
<b>Total</b>	<b>\$1,508,852</b>

## Employee Services

Provides recruitment and selection; classification and compensation; labor relations and contract negotiations; employee relations and counseling; employee benefits coordination; workers' compensation; Equal Employment Opportunity services; develops and provides employee health and safety programs; conducts technical safety reviews on Agency capital projects; monitors health, safety, and regulatory compliance; in addition, provides public outreach, including schools, and legislative relations services; provides information to the general public about the Agency's financial performance; and provides Agency training for the areas listed above.

### Employee Services Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Assistant General Manager, Personnel	1.00	1.00	1.00	0.00	-1.00
Employee Services Manager	0.00	0.00	0.00	1.00	1.00
Human Resources Analyst II	2.00	2.00	2.00	1.00	-1.00
Staff Analyst	0.00	0.00	0.00	0.50	0.50
Communications Specialist	0.00	0.00	0.00	1.00	1.00
Safety Technician II	2.00	2.00	2.00	2.00	0.00
Employee Services Technician	0.00	0.00	1.00	1.00	0.00
Personnel Technician	1.00	1.00	0.00	0.00	0.00
Office Assistant	0.00	0.00	0.00	0.50	0.50
<b>Employee Services</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>7.00</b>	<b>1.00</b>

### Employee Services Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$1,434,191
<b>Total</b>	<b>\$1,434,191</b>

### Employee Services Budget by Program

	13/14 Budget
Supply Source & Conveyance	\$109,752
Central Administration	1,324,439
<b>Total</b>	<b>\$1,434,191</b>

## Water Quality

Provides water quality engineering technical support and laboratory analytical services for regulatory compliance and permitting, treatment plant performance verification, groundwater analysis, support for treatment improvement or expansion projects, and special operation/engineering studies. WQ also provides technical support to Operations and to water retail customers to resolve or understand water quality issues, as well as providing analytical support services to our retailers, as needed.

### Water Quality Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Associate Engineer (Engineer III)	0.50	0.50	0.50	0.50	0.00
Assistant Engineer (Engineer II)	1.00	1.00	1.00	1.00	0.00
Junior Engineer (Engineer I)	1.00	1.00	1.00	1.00	0.00
Water Quality Manager	1.00	1.00	1.00	1.00	0.00
Water Quality Chemist	2.00	2.00	2.00	2.00	0.00
Water Quality Lab Technician	2.00	2.00	2.00	2.00	0.00
<b>Water Quality</b>	<b>7.50</b>	<b>7.50</b>	<b>7.50</b>	<b>7.50</b>	<b>0.00</b>

### Water Quality Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$1,343,113
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	174,000
Fund 130 - Water Expansion	6,000
<b>Total</b>	<b>\$1,523,113</b>

### Water Quality Budget by Program

	13/14 Budget
Water Utility Support Services	\$937,355
Water Storage	175,701
Water Treatment	226,339
Central Administration	3,718
Capital Projects	180,000
<b>Total</b>	<b>\$1,523,113</b>

## Integrated Planning

Zone 7 Water Agency formed an Integrated Planning (IP) section in 2011 to help fully integrate water supply (including conservation), flood protection, groundwater protection, and stream management planning activities. Under the direction of management, accomplishes this by forming sub teams consisting of Zone 7 staff from various sections, ensuring cross-pollination of ideas and concepts, while also providing a forum from which to “integrate” all facets of Zone 7’s core functions into any long-term planning effort. In addition to developing or updating major plans (e.g., Stream Management Master Plan), many of the members of IP also take lead roles in outside organizations (e.g., Bay Area Flood Protection Agencies Association, State Water Contractors, and Alameda Creek Watershed Council) so that new and innovative ideas are continually being infused into all of Zone 7’s planning efforts.

### Integrated Planning Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Senior Engineer/Geologist	0.00	0.00	0.00	2.00	2.00
Associate Engineer (Engineer III)	0.00	0.00	0.00	2.00	2.00
Associate Water Resources Planner	0.00	0.00	0.00	1.00	1.00
Junior Water Resources Planner	0.00	0.00	0.00	1.00	1.00
Water Conservation Coordinator	0.00	0.00	0.00	1.00	1.00
Administrative Student Intern	0.00	0.00	0.00	0.50	0.50
<b>Integrated Planning</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7.50</b>	<b>7.50</b>

### Integrated Planning Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$1,317,994
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	390,576
Fund 130 - Water Expansion	604,353
Fund 200 - Flood Control	2,225,499
Fund 210 - Flood Protection & Stormwater Drainage	1,283,845
<b>Total</b>	<b>\$5,822,267</b>

### Integrated Planning Budget by Program

	13/14 Budget
Water Utility Support Services	\$8,635
Supply Source & Conveyance	843,571
Central Administration	465,788
Flood Protection	2,225,499
Capital Projects	2,278,774
<b>Total</b>	<b>\$5,822,267</b>

## Facilities Engineering

Plans, designs and constructs major water supply, conveyance, production, and delivery facilities for expansion, system-wide improvements and renewal/ replacement programs. WSE also manages the agency's Capital Improvement and Asset Management Programs, manages the Untreated Water Program as well as the various energy cost savings programs and provides long term and operational water supply planning.

### Facilities Engineering Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Manager of Engineering	0.00	0.00	1.00	1.00	0.00
Principal Engineer	2.00	1.00	1.00	1.00	0.00
Senior Engineer/Geologist	3.00	3.00	2.00	2.00	0.00
Associate Engineer- Control System	1.00	1.00	1.00	1.00	0.00
Associate Engineer (Engineer III)	8.00	10.00	8.00	6.00	-2.00
Assistant Engineer	1.00	0.00	0.00	1.00	1.00
Water Resources Technician III	1.00	1.00	1.00	0.00	-1.00
Water Resources Technician II	0.00	0.00	1.00	1.00	0.00
<b>Facilities Engineering</b>	<b>16.00</b>	<b>16.00</b>	<b>15.00</b>	<b>13.00</b>	<b>-2.00</b>

### Facilities Engineering Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$1,455,500
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	5,710,000
Fund 130 - Water Expansion	980,000
Fund 200 - Flood Control	1,555,219
Fund 210 - Flood Protection & Stormwater Drainage	282,200
<b>Total</b>	<b>\$9,982,919</b>

### Facilities Engineering Budget by Program

	13/14 Budget
Water Utility Support Services	\$865,180
Supply Source & Conveyance	124,343
Water Storage	81,266
Water Treatment	259,622
Water Transmission	101,750
Central Administration	23,339
Flood Protection	1,555,219
Capital Projects	6,972,200
<b>Total</b>	<b>\$9,982,919</b>

## Groundwater Protection

Develops and manages Zone 7’s groundwater protection programs and investigations. Groundwater also manages projects related to conceptual design of groundwater recharge and pumping facilities, along with the final design and construction of small facilities related to the groundwater programs. Provides well inspection services and field measurements of groundwater and surface water resources.

### Groundwater Protection Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Principal Engineer	1.00	1.00	1.00	1.00	0.00
Associate Engineer (Engineer III)	1.00	1.00	1.00	1.00	0.00
Assistant Engineer (Engineer II)	2.00	2.00	1.00	1.00	0.00
Emergency & Safety Supervisor	1.00	0.00	0.00	0.00	0.00
Construction Inspector	0.00	1.00	1.00	1.00	0.00
Water Resources Technician II	4.00	4.00	4.00	3.00	-1.00
<b>Groundwater Protection</b>	<b>9.00</b>	<b>9.00</b>	<b>8.00</b>	<b>7.00</b>	<b>-1.00</b>

### Groundwater Protection Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$961,057
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	350,000
Fund 130 - Water Expansion	150,000
Fund 200 - Flood Control	25,152
<b>Total</b>	<b>\$1,486,209</b>

### Groundwater Protection Budget by Program

	13/14 Budget
Water Storage	\$898,071
Water Treatment	3,988
Water Transmission	11,964
Central Administration	47,034
Flood Protection	25,152
Capital Projects	500,000
<b>Total</b>	<b>\$1,486,209</b>

## Operations

Operates three surface water treatment plants (Del Valle conventional Water Treatment Plant (WTP), Patterson Pass conventional WTP, and Patterson Pass ultra-filtration WTP), nine wells, a groundwater demineralization plant, the transmission system for the water enterprise, several rate control/pump stations, and numerous metered turnout facilities to the retail water agencies to ensure proper operation of facilities and treatment and delivery of water.

### Operations Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Production Manager	1.00	0.00	0.00	0.00	0.00
Operations Manager	0.00	1.00	1.00	1.00	0.00
Water Facilities Supervisor	4.00	3.00	3.00	3.00	0.00
Secretary	1.00	1.00	1.00	1.00	0.00
Water Plant Operator III	19.00	19.00	19.00	19.00	0.00
<b>Operations</b>	<b>25.00</b>	<b>24.00</b>	<b>24.00</b>	<b>24.00</b>	<b>0.00</b>

### Operations Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$10,158,801
<b>Total</b>	<b>\$10,158,801</b>

### Operations Budget by Program

	13/14 Budget
Water Utility Support Services	\$371,812
Water Treatment	9,028,441
Water Transmission	758,548
<b>Total</b>	<b>\$10,158,801</b>



## Maintenance

Provides maintenance and construction services for the entire treated water system (e.g., water treatment plants, wells, demineralization plant, and rate control/pump stations) including mechanical, electrical, and instrumentation services; performs underground pipeline repair and maintenance; provides some maintenance support for Flood Control; and provides vehicle fleet management services to the Agency.

### Maintenance Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Maintenance Manager	0.00	1.00	1.00	1.00	0.00
Water Systems Superintendent	1.00	0.00	0.00	0.00	0.00
Water Facilities Supervisor	1.00	0.00	0.00	0.00	0.00
Facilities Maint & Constr Supervisor	1.00	2.00	2.00	2.00	0.00
Maintenance Materials Planner/Buyer	1.00	0.00	0.00	0.00	0.00
Maintenance Coordinator	0.00	1.00	1.00	1.00	0.00
Electrician	2.00	2.00	2.00	2.00	0.00
Transportation & Supply Coordinator	0.00	1.00	1.00	1.00	0.00
Instrument Technician II	4.00	4.00	4.00	4.00	0.00
Lead Plant Mechanic	1.00	1.00	1.00	1.00	0.00
Plant Mechanic	4.00	4.00	4.00	4.00	0.00
Plant Maint Laborer	1.00	1.00	1.00	1.00	0.00
Construction Maintenance Laborers	2.00	2.00	2.00	2.00	0.00
<b>Maintenance</b>	<b>18.00</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>	<b>0.00</b>

### Maintenance Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$4,748,968
Fund 120 - Water Renewal/Replacement & Systemwide Improvements	270,000
Fund 200 - Flood Control	36,089
<b>Total</b>	<b>\$5,055,057</b>

### Maintenance Budget by Program

	13/14 Budget
Water Utility Support Services	\$1,727,065
Water Storage	94,052
Water Treatment	2,263,987
Water Transmission	515,534
Central Administration	148,330
Flood Protection	36,089
Capital Projects	270,000
<b>Total</b>	<b>\$5,055,057</b>

## Flood Control

Of the 620 square miles of the Alameda Creek watershed, Zone 7 provides regional flood protection management services to approximately 425 square miles located in the upper watershed areas. Management activities include implementing the Development Impact Fee (DIF) program, and maintenance and land rights administration of approximately 37 miles of flood control channels and access roads which Zone 7 currently owns; the purpose of the DIF program is to plan, design, and construct new flood control projects to address future development's impact on the FC system.

### Flood Control Staffing Summary

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	
	Budget	Budget	Budget	Budget	Change
Principal Engineer	1.00	1.00	1.00	1.00	0.00
Associate Engineer (Engineer III)	3.00	3.00	2.00	2.00	0.00
Assistant Engineer (Engineer II)	1.00	1.00	2.00	1.00	-1.00
Water Resources Technician II	2.00	2.00	1.00	1.00	0.00
<b>Flood Control</b>	<b>7.00</b>	<b>7.00</b>	<b>6.00</b>	<b>5.00</b>	<b>-1.00</b>

### Flood Control Budget by Fund

	13/14 Budget
Fund 100 - Water Enterprise	\$17,205
Fund 200 - Flood Control	4,018,749
<b>Total</b>	<b>\$4,035,954</b>

### Flood Control Budget by Program

	13/14 Budget
Central Administration	\$17,205
Flood Protection	4,018,749
<b>Total</b>	<b>\$4,035,954</b>

# Appendix



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*



## **Alameda County Flood Control and Water Conservation District – Zone 7**

Basic Financial Statements for the year ended June 30, 2012

Prepared by the  
Finance and Management  
Services Department

# Alameda County Flood Control and Water Conservation District – Zone 7

Basic Financial Statements for the year ended June 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Alameda County Flood Control and  
Water Conservation District – Zone 7  
Livermore, California

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District – Zone 7, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2011 financial statements and our report dated September 21, 2011, in which we expressed an unqualified opinion.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District – Zone 7 at June 30, 2012, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this information in accordance with generally accepted auditing standards in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Maze + Associates*

October 8, 2012

Accountancy Corporation  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

T 925.930.0902  
F 925.930.0135  
E maze@mazeassociates.com  
W mazeassociates.com

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**Alameda County Flood Control and Water Conservation District – Zone 7  
Management’s Discussion and Analysis for the Fiscal Year Ended June 30, 2012**

This section presents a narrative overview and analysis of Zone 7’s financial activities for the fiscal year ended June 30, 2012. All amounts, unless otherwise indicated, are expressed in whole dollars.

**Financial Highlights**

- Total assets exceeded its liabilities at the close of this fiscal year by \$370 million. Net assets from governmental activities are \$74.6 million and Business-Type activities are \$295 million.
- Net assets decreased by \$2.4 million or 0.7% from the prior fiscal year’s close. Governmental activities decreased \$2.8 million, while Business-Type activities increased \$0.3 million.
- Total expenses increased \$13.3 million or 20.1% over the prior year to \$79.5 million primarily due to a large capital project – the El Charro Specific Plan.
- Total revenues increased \$10.7 million or 16.1% from the prior year to \$77.1 million primarily due to improvement in the local economic conditions.
- Water Sales revenues in the Business-Type Funds increased \$3.7 million or 11.6% to \$35.6 million.
- Construction in Progress at fiscal year-end include the Altamont Water Treatment Plant, Site Acquisition and Pipeline Projects for \$17,439,634, the PPWTP sewer line for \$826,340, the Santa Rita Pipeline Relocation for \$547,993, and other small capital projects.

**Overview of the Financial Statements**

This discussion and analysis serves as an introduction to Zone 7’s basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Zone 7-wide financial statements**

The Zone 7-wide financial statements are designed to provide readers with an overview of Zone 7’s finances, in a manner similar to private-sector business. The statement of net assets presents information on all of the County’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Zone 7 is improving or deteriorating. The statement of activities presents information showing how Zone 7’s net assets changed during the most recent fiscal year. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide statements distinguish functions of Zone 7 that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Zone 7 include Flood Control and Flood Protection. The business-type (proprietary) activities include the Water Enterprise.

The government-wide financial statements can be found on pages 11-13 of this report.

**Fund financial statements**

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. Zone 7, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Zone 7's two kinds of funds - governmental and proprietary - use different accounting approaches.

**Governmental funds**

Flood Control (General) and Flood Protection services (Funds 50 and 76) are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed near-term view of Zone 7's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance Zone 7's programs.

The basic governmental fund financial statements can be found on pages 14-18 of this report.

**Proprietary funds**

Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Enterprise activities, which include the State Water Project, Water Sales, Capital Improvement Renewal & Replacement, Capital Expansion, Water Facilities Trust and Water Supply Trust, are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Net Activities, using the accrual method of accounting.

The basic proprietary fund financial statements can be found on pages 20-25 of this report.

**Notes to the basic financial statements**

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-38 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Zone 7's assets exceeded liabilities by \$370 million at June 30, 2012.

The largest portion of Zone 7's net assets, \$220 million or 60% reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending. While the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<b>Net Assets as of June 30</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>						
Current and other assets	\$60,672,924	\$63,075,901	\$123,689,917	\$118,731,001	\$184,362,841	\$181,806,902
Capital assets	<u>14,301,567</u>	<u>14,479,216</u>	<u>205,651,283</u>	<u>210,061,388</u>	<u>219,952,850</u>	<u>224,540,604</u>
Total assets	<u>74,974,491</u>	<u>77,555,117</u>	<u>329,341,200</u>	<u>328,792,389</u>	<u>404,315,691</u>	<u>406,347,506</u>
<b>Liabilities:</b>						
Current liabilities	417,372	233,000	3,821,534	3,612,865	4,238,906	3,845,865
Long-term liabilities	<u>0</u>	<u>0</u>	<u>30,500,000</u>	<u>30,500,000</u>	<u>30,500,000</u>	<u>30,500,000</u>
Total liabilities	<u>417,372</u>	<u>233,000</u>	<u>34,321,534</u>	<u>34,112,865</u>	<u>34,738,906</u>	<u>34,345,865</u>
<b>Net assets:</b>						
Invested in capital assets net of related debt	14,301,567	14,479,216	205,651,283	208,841,658	219,952,850	223,320,874
Unrestricted-Designated	41,751,799	58,914,899	79,220,538	79,436,419	120,972,337	138,351,318
Unrestricted	<u>18,503,753</u>	<u>3,928,002</u>	<u>10,147,845</u>	<u>6,401,447</u>	<u>28,651,598</u>	<u>10,329,449</u>
Total net assets	<u>\$74,557,119</u>	<u>\$77,322,117</u>	<u>\$295,019,666</u>	<u>\$294,679,524</u>	<u>\$369,576,785</u>	<u>\$372,001,641</u>

**Changes in Net Assets for Year ended June 30**

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Charges for services	\$5,505,177	\$3,178,719	\$35,563,265	\$31,879,951	\$41,068,442	\$35,058,670
Grants and other contributions	61,249	53,229	106,194	444,139	167,443	497,368
Other program revenues	41,461	21,626	29,154,849	23,991,982	29,196,310	24,013,608
General revenues						
Property taxes	5,773,050	5,745,003			5,773,050	5,745,003
Investment earnings and other	257,328	345,843	641,133	735,257	898,461	1,081,100
Total Revenues	<u>11,638,265</u>	<u>9,344,420</u>	<u>65,465,441</u>	<u>57,051,329</u>	<u>77,103,706</u>	<u>66,395,749</u>
<b>Expenses:</b>						
General government	8,499,485	4,063,566			8,499,485	4,063,566
Flood protection	5,903,778	615,758			5,903,778	615,758
Special drainage area operations						0
State Water Project			13,858,280	10,670,494	13,858,280	10,670,494
Cost of water sales			30,711,144	30,572,172	30,711,144	30,572,172
Facility use fees - capital improvement projects			3,864,713	4,443,284	3,864,713	4,443,284
Water connection fees - capital expansion projects			16,691,162	15,853,975	16,691,162	15,853,975
Total Expenses	<u>14,403,263</u>	<u>4,679,324</u>	<u>65,125,299</u>	<u>61,539,925</u>	<u>79,528,562</u>	<u>66,219,249</u>
Increase/(decrease) in net assets before transfers	(2,764,998)	4,665,096	340,142	(4,488,596)	(2,424,856)	176,500
Transfers						0
Extraordinary item						0
Change in net assets	<u>-2,764,998</u>	<u>4,665,096</u>	<u>340,142</u>	<u>(4,488,596)</u>	<u>-2,424,856</u>	<u>176,500</u>
Net assets-beginning	<u>77,322,117</u>	<u>72,657,021</u>	<u>294,679,524</u>	<u>299,168,120</u>	<u>372,001,641</u>	<u>371,825,141</u>
Net assets-ending	<u>\$74,557,119</u>	<u>\$77,322,117</u>	<u>\$295,019,666</u>	<u>\$294,679,524</u>	<u>\$369,576,785</u>	<u>\$372,001,641</u>

Zone 7's net assets decreased by \$2.4 million during the fiscal year ended June 30, 2012. Total revenue was \$77.1 million and is offset by total expenses, including transfers, of \$79.5 million.

**Governmental activities**

Net assets in Zone 7's flood control governmental activities decreased by \$2.8 million. Total revenues were \$11.6 million while total expenses amounted to \$14.4 million.

Revenues: Charges for services increased \$2.3 million from the prior year mainly due to an increase in the number of impervious area applications. Other program revenues increased from the prior year for fees and permits activities. Property taxes decreased slightly because of lower total assessed value and higher delinquencies. Investment earnings and other decreased \$0.09 million, or 25.6%, because of considerably lower earnings rates due to the economic downturn.

Expenses: General government increased \$9.7 million, or 207.8% mainly due to a large capital project – the El Charro Specific Plan.

**Business-type activities**

Net assets in Zone 7's water enterprise business-type activities increased by \$0.3 million with total revenues of \$65.5 million less total expenses including transfers of \$65.2 million.

Revenues: Charges for services increased \$3.7 million or 11.6% over the prior year as a result of a water rate increase and a higher volume of water sold. Grants and other contributions decreased \$0.3 million from the prior year due to receipt of State grants for the Mocho Demineralization project in the prior year. Other program revenues decreased \$5.2 million from the prior year.

Expenses: State water project costs increased \$3.2 million or 29.9% because of increased expenses incurred by the State. Cost of water sales increased \$0.2 million or 0.6% because of the increase in water treatment related costs due to a higher depreciation expense. Facility use fees - Capital improvement project expenses decreased \$0.6 million or 13% because there were fewer capital projects during this year. Water connection fees – capital expansion projects increased \$0.8 million or 5.3% mainly due to the South Bay Aqueduct Enlargement/Improvement Project increased costs.

**Governmental funds**

As of the end of the fiscal year ended June 30, 2012, Zone 7's governmental funds reported combined ending fund balances of \$60.3 million, a decrease of \$2.6 million or 4.29% as compared to the prior year. Fund balances are classified in accordance with Governmental and Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. Out of the total fund balance of \$60.3 million; \$36 million is committed, which have constraints imposed by formal action of the Board and may be altered only by formal action of the Board; \$17.8 million is assigned, which are constrained by management's intent to be used for a specific purpose; \$4.9 million is unassigned, which are not restricted, committed, or assigned and are available for spending; and \$1.6 million is reserved for encumbrances. There were no long term liabilities.

**Proprietary funds**

Zone 7's proprietary fund statements provide the same type of information as is found in the government-wide financial statements. The net assets for the enterprise increased by \$0.3 million or 0.1%. Net assets invested in capital assets net of related debt decreased \$3.2 million primarily due to the increase in accumulated depreciation. There is no change in long-term liabilities.



### Governmental Funds Budgetary highlights

A comparative budgetary statement for the Zone's general governmental funds (General Fund) follows:

	Final Budgeted Amounts	Actual Amounts	Budget Variance	
			June 30, 2012	June 30, 2011
Resources (inflows):				
Taxes	\$5,845,383	\$5,773,050	(\$72,333)	\$639,800
Intergovernmental	54,000	61,249	7,249	(771)
Charges for services	10,200	40,851	30,651	(7,229)
Interest and rentals	117,460	116,325	(1,135)	(161,820)
Other	25,284	39,424	14,140	5,026
Amounts available for appropriation	6,052,327	6,030,899	(21,428)	475,006
Charges to appropriations (outflows):				
Salaries and benefits	1,134,002	1,915,556	(781,554)	(503,402)
Services and supplies	12,116,150	6,583,929	5,532,221	6,610,646
Total changes to appropriations	13,250,152	8,499,485	4,750,667	6,107,244
Excess of resources over charges to appropriations	(7,197,825)	(2,468,586)	4,729,239	6,582,250

Zone 7's actual general fund revenues came under the budget by \$4.8 million or 55.9%.

Variations between budget and actual expenditures in the general fund reflect overall expenditures less than the adjusted budget by \$4.8 million or 55.9%. The variance is primarily due to good storm season resulting in less than planned storm repairs, which is the major expense category in this fund.

### Capital assets and debt administration

A summary of changes in Capital Assets, Proprietary Enterprise Fund and Governmental General Fund, can be found on pages 32-33. Highlights include capitalizing the Mocho Groundwater Demineralization facility and the Chain of Lakes Wells 1 & 2 and the Construction in Progress mentioned above in the Financial Highlights. Further detail of Capital Assets as of June 30, 2012 can be found under Note 3.

At the end of the current fiscal year, Zone 7 had long-term obligations outstanding of \$30.5 million. The line of credit's interest is calculated at a fluctuating rate per annum of 81.41% of the Prime Rate in effect from time to time, less 2.2%, the prime rate minus 2 points and it expires on December 31, 2013. Adequate funds are available to pay off the Line of Credit when due.

### Economic factors and next year's budget and rates

- The Water Conservation Act of 2009 (SBX7-7) sets an overall goal of reducing per capita urban water use by 20% by the end of 2020, and calls for agricultural water suppliers to prepare and adopt water management plans. Water conservation and other recycling efforts are nearing the level of "demand hardening" or maximum potential as all new construction and landscaping is utilizing improved ecological designs, and older systems have been updated.
- New development within the service area has been picking up, albeit at a low but steady rate, providing slight growth in new water rate payers and connection fee revenue.

- A leveling-off in property values has resulted in stabilization of the 2011 and 2012 assessment roll, sustaining the lower level of property tax revenue for the 2010/11 year. Alameda County's average unemployment rate has decreased markedly, now registering 9.0% as of April 2012, below the 2011 rate of 10.2 percent, exhibiting signs of slow but steady economic stabilization.

All of the above factors were considered in preparing Zone 7's budget for fiscal year 2013.

### **Requests for Information**

This financial report is designed to provide our customers, ratepayers, investors and creditors with a general overview of Zone 7's finances and to demonstrate accountability for the money it receives. Below is the contact information for questions about this report or requests for additional financial information.

Zone 7 Water Agency, 100 North Canyons Parkway, Livermore, CA 94551

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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash in county treasury (Note 2)	\$59,446,259	\$114,231,341	\$173,677,600
Accounts receivable, net	1,226,665	9,368,576	10,595,241
Prepaid expenses		90,000	90,000
Total current assets	<u>60,672,924</u>	<u>123,689,917</u>	<u>184,362,841</u>
<b>Noncurrent assets</b>			
<b>Capital assets (Note 3):</b>			
Rights of way, water entitlements, easements and construction in progress	6,875,550	58,489,629	65,365,179
Depreciable, net	<u>7,426,017</u>	<u>147,161,654</u>	<u>154,587,671</u>
Total noncurrent assets	<u>14,301,567</u>	<u>205,651,283</u>	<u>219,952,850</u>
Total assets	<u>74,974,491</u>	<u>329,341,200</u>	<u>404,315,691</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	417,372	2,352,560	2,769,932
Deposits-water facilities trust		353,039	353,039
Compensated absences (Note 1J)		<u>1,115,935</u>	<u>1,115,935</u>
Total current liabilities	<u>417,372</u>	<u>3,821,534</u>	<u>4,238,906</u>
<b>Noncurrent liabilities</b>			
Line of credit (Note 4)		<u>30,500,000</u>	<u>30,500,000</u>
Total noncurrent liabilities		<u>30,500,000</u>	<u>30,500,000</u>
Total liabilities	<u>417,372</u>	<u>34,321,534</u>	<u>34,738,906</u>
<b>NET ASSETS (Note 5)</b>			
Invested in capital assets, net of related debt	14,301,567	205,651,283	219,952,850
Unrestricted-designated for			
Capital projects	36,696,155	37,928,558	74,624,713
Specific projects and programs	5,055,644	41,291,980	46,347,624
Unrestricted	<u>18,503,753</u>	<u>10,147,845</u>	<u>28,651,598</u>
Total net assets	<u>\$74,557,119</u>	<u>\$295,019,666</u>	<u>\$369,576,785</u>

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Other Program Revenues	
<b>Governmental activities:</b>					
General government	\$8,499,485	\$40,851	\$61,249	\$39,424	\$141,524
Flood protection	5,903,778	5,464,326		2,037	5,466,363
Total governmental activities	14,403,263	5,505,177	61,249	41,461	5,607,887
<b>Business-type activities:</b>					
State water project	13,858,280		92,639	15,489,732	15,582,371
Water sales	30,711,144	35,547,771		379,468	35,927,239
Facility use fees-capital improvement	3,864,713	11,230	10,166	552,453	573,849
Water connection fees capital expansion	16,691,162	4,264	3,389	12,733,196	12,740,849
Total business-type activities	65,125,299	35,563,265	106,194	29,154,849	64,824,308
<b>Total</b>	<b>\$79,528,562</b>	<b>\$41,068,442</b>	<b>\$167,443</b>	<b>\$29,196,310</b>	<b>\$70,432,195</b>
<b>General revenues:</b>					
Property taxes:					
Secured					
Unsecured					
Supplemental					
Investment earnings					
Rental charges					
Total general revenues					
Change in net assets					
Net assets-beginning of year					
Net Assets-end of year					

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
(\$8,357,961)		(\$8,357,961)
(437,415)		(437,415)
<u>(8,795,376)</u>		<u>(8,795,376)</u>
	\$1,724,091	1,724,091
	5,216,095	5,216,095
	(3,290,864)	(3,290,864)
	<u>(3,950,313)</u>	<u>(3,950,313)</u>
	(300,991)	(300,991)
<u>(8,795,376)</u>	<u>(300,991)</u>	<u>(9,096,367)</u>
5,392,724		5,392,724
330,976		330,976
49,350		49,350
239,596	610,133	849,729
17,732	31,000	48,732
<u>6,030,378</u>	<u>641,133</u>	<u>6,671,511</u>
<u>(2,764,998)</u>	<u>340,142</u>	<u>(2,424,856)</u>
<u>77,322,117</u>	<u>294,679,524</u>	<u>372,001,641</u>
<u>\$74,557,119</u>	<u>\$295,019,666</u>	<u>\$369,576,785</u>

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 AS OF JUNE 30, 2012  
 WITH SUMMARIZED TOTALS AS OF JUNE 30, 2011

	General	Flood Protection	Totals	
			2012	2011
<b>ASSETS</b>				
Current assets				
Cash in county treasury (Note 2)	\$23,948,959	\$35,497,300	\$59,446,259	\$62,627,113
Accounts receivable, net		1,226,665	1,226,665	448,788
Total assets	<u>\$23,948,959</u>	<u>\$36,723,965</u>	<u>\$60,672,924</u>	<u>\$63,075,901</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued expenses	\$389,562	\$27,810	\$417,372	\$233,000
Total liabilities	<u>389,562</u>	<u>27,810</u>	<u>417,372</u>	<u>233,000</u>
<b>FUND BALANCES (Note 5)</b>				
Nonspendable:				
Encumbrances	855,644	739,264	1,594,908	10,103,983
Committed		35,956,891	35,956,891	31,099,208
Assigned	17,823,912		17,823,912	13,511,708
Unassigned	4,879,841		4,879,841	8,128,002
Total fund balances	<u>23,559,397</u>	<u>36,696,155</u>	<u>60,255,552</u>	<u>62,842,901</u>
Total liabilities and fund balances	<u>\$23,948,959</u>	<u>\$36,723,965</u>	<u>\$60,672,924</u>	<u>\$63,075,901</u>

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 RECONCILIATION OF  
 GOVERNMENTAL FUNDS - FUND BALANCE  
 WITH THE GOVERNMENTAL ACTIVITIES  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2012  
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2011

	2012	2011
TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$60,255,552	\$62,842,901
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:</p>		
<p><b>CAPITAL ASSETS</b></p>		
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	14,301,567	14,479,216
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$74,557,119</b>	<b>\$77,322,117</b>

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2012  
 WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	General	Flood Protection	Totals	
			2012	2011
<b>REVENUES</b>				
Property taxes	\$5,773,050		\$5,773,050	\$5,745,003
Intergovernmental revenues	61,249		61,249	53,229
Charges for services	40,851	\$5,464,326	5,505,177	3,178,719
Interest and rentals	116,325	141,003	257,328	345,843
Other revenues	39,424	2,037	41,461	21,626
<b>Total revenues</b>	<b>6,030,899</b>	<b>5,607,366</b>	<b>11,638,265</b>	<b>9,344,420</b>
<b>EXPENDITURES</b>				
Salaries and employee benefits transferred from district-wide	1,915,556	328,000	2,243,556	1,937,436
Services and supplies	6,583,929	267,191	6,851,120	2,559,113
Equipment and capital structure		5,130,850	5,130,850	
Other		88	88	126
<b>Total expenditures</b>	<b>8,499,485</b>	<b>5,726,129</b>	<b>14,225,614</b>	<b>4,496,675</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,468,586)</b>	<b>(118,763)</b>	<b>(2,587,349)</b>	<b>4,847,745</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,468,586)</b>	<b>(118,763)</b>	<b>(2,587,349)</b>	<b>4,847,745</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>26,027,983</b>	<b>36,814,918</b>	<b>62,842,901</b>	<b>57,995,156</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$23,559,397</b>	<b>\$36,696,155</b>	<b>\$60,255,552</b>	<b>\$62,842,901</b>

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 RECONCILIATION OF THE  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 WITH THE  
 CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2012  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	2012	2011
<p>The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.</p>		
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	(\$2,587,349)	\$4,847,745
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p><b>CAPITAL ASSETS TRANSACTIONS</b></p>		
<p>Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>		
The capital outlay expenditures are therefore added back to fund balance	5,000	
Depreciation expense is deducted from the fund balance	(182,649)	(182,649)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	(\$2,764,998)	\$4,665,096

See accompanying notes to financial statements

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$5,845,383	\$5,845,383	\$5,773,050	(\$72,333)
Intergovernmental revenue	54,000	54,000	61,249	7,249
Charges for services	10,200	10,200	40,851	30,651
Interest and rentals	117,460	117,460	116,325	(1,135)
Other revenue	25,284	25,284	39,424	14,140
<b>TOTAL REVENUES</b>	<u>6,052,327</u>	<u>6,052,327</u>	<u>6,030,899</u>	<u>(21,428)</u>
<b>EXPENDITURES</b>				
Salaries and benefits	1,134,002	1,134,002	1,915,556	(781,554)
Services and supplies	7,547,998	12,116,150	6,583,929	5,532,221
<b>TOTAL EXPENDITURES</b>	<u>8,682,000</u>	<u>13,250,152</u>	<u>8,499,485</u>	<u>4,750,667</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(2,629,673)</u>	<u>(7,197,825)</u>	<u>(2,468,586)</u>	<u>4,729,239</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(\$2,629,673)</u>	<u>(\$7,197,825)</u>	<u>(2,468,586)</u>	<u>\$4,729,239</u>
Fund balance, beginning of year			<u>26,027,983</u>	
Fund balance, end of year			<u>\$23,559,397</u>	

See accompanying notes to financial statements



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ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2012

WITH SUMMARIZED TOTALS AS OF JUNE 30, 2011

	State Water Project	Water Sales	Capital Improvement Renewal & Replacement	Capital Expansion
<b>ASSETS</b>				
Current assets:				
Cash in county treasury (Note 2)	\$10,466,482	\$22,373,067	\$22,160,026	\$50,969,184
Receivables, net	137,341	8,348,759	3,095	879,381
Prepaid deposits		90,000		
Total current assets	<u>10,603,823</u>	<u>30,811,826</u>	<u>22,163,121</u>	<u>51,848,565</u>
Noncurrent assets:				
Capital assets (Note 3), right of ways, water entitlements and construction in progress		58,489,629		
Improvements, net of depreciation		<u>147,161,654</u>		
Total noncurrent assets		<u>205,651,283</u>		
Total assets	<u>10,603,823</u>	<u>236,463,109</u>	<u>22,163,121</u>	<u>51,848,565</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses		1,856,160	430,009	66,391
Deposits				
Compensated absences (Note 1J)		<u>1,115,935</u>		
Total current liabilities		<u>2,972,095</u>	<u>430,009</u>	<u>66,391</u>
Long-term liabilities:				
Line of Credit (Note 4)				<u>30,500,000</u>
Total long-term liabilities				<u>30,500,000</u>
Total liabilities		<u>2,972,095</u>	<u>430,009</u>	<u>30,566,391</u>
<b>NET ASSETS (Note 5)</b>				
Invested in capital assets		205,651,283		
Unrestricted-designated for:				
Capital projects		6,600,000	19,041,132	12,287,426
Designated projects	10,603,823	11,091,886	2,691,980	8,994,748
Unrestricted		<u>10,147,845</u>		
Total net assets	<u>10,603,823</u>	<u>233,491,014</u>	<u>21,733,112</u>	<u>21,282,174</u>
Total liabilities and net assets	<u>\$10,603,823</u>	<u>\$236,463,109</u>	<u>\$22,163,121</u>	<u>\$51,848,565</u>

See accompanying notes to financial statements

Water Facilities Trust	Water Supply Trust	Totals	
		2012	2011
\$3,522,216	\$4,740,366	\$114,231,341	\$111,710,416
		9,368,576	6,796,766
		90,000	223,819
<u>3,522,216</u>	<u>4,740,366</u>	<u>123,689,917</u>	<u>118,731,001</u>
		58,489,629	57,258,300
		147,161,654	152,803,088
		<u>205,651,283</u>	<u>210,061,388</u>
<u>3,522,216</u>	<u>4,740,366</u>	<u>329,341,200</u>	<u>328,792,389</u>
		2,352,560	2,079,778
353,039		353,039	380,997
		1,115,935	1,152,090
<u>353,039</u>		<u>3,821,534</u>	<u>3,612,865</u>
		30,500,000	30,500,000
		30,500,000	30,500,000
<u>353,039</u>		<u>34,321,534</u>	<u>34,112,865</u>
		205,651,283	208,841,658
		37,928,558	40,041,672
3,169,177	4,740,366	41,291,980	39,394,747
		10,147,845	6,401,447
<u>3,169,177</u>	<u>4,740,366</u>	<u>295,019,666</u>	<u>294,679,524</u>
<u>\$3,522,216</u>	<u>\$4,740,366</u>	<u>\$329,341,200</u>	<u>\$328,792,389</u>

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
ZONE 7

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012

WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	State Water Project	Water Sales	Capital Improvement Renewal & Replacement	Capital Expansion
<b>OPERATING REVENUES</b>				
Property taxes	\$12,017,106			
Water sales		\$35,398,908		
Intergovernmental revenue	92,639		\$10,166	\$3,389
Connection and development fees			547,570	10,798,372
Charges for services		113,890	11,230	4,264
Other revenues	3,472,626	379,468	4,883	1,934,824
<b>Total operating revenues</b>	<b>15,582,371</b>	<b>35,892,266</b>	<b>573,849</b>	<b>12,740,849</b>
<b>OPERATING EXPENSES</b>				
Salaries, wages and benefits		12,529,536	1,378,299	644,277
Contractual services		2,246,105	2,579,724	382,069
Supplies		115,792		
Chemical purchases		1,854,047		
Water purchases	13,858,280	2,104,846		13,645,489
Water storage		1,102,075		1,341,997
Utilities		1,984,768	157,744	43,201
Maintenance and repairs		1,183,573		
Equipment and building rents		99,677	531,904	404,128
Office expenses		1,342,687	338,217	343,744
Risk management		354,389		
Depreciation (Note 3)		5,793,649		
Expenses capitalized			(1,121,175)	(113,743)
<b>Total operating expenses</b>	<b>13,858,280</b>	<b>30,711,144</b>	<b>3,864,713</b>	<b>16,691,162</b>
<b>Operating income (loss)</b>	<b>1,724,091</b>	<b>5,181,122</b>	<b>(3,290,864)</b>	<b>(3,950,313)</b>
<b>NONOPERATING REVENUES</b>				
Interest income and rental fees	155,849	123,456	89,614	237,540
<b>Total nonoperating revenues</b>	<b>155,849</b>	<b>123,456</b>	<b>89,614</b>	<b>237,540</b>
<b>Income (loss) before transfers</b>	<b>1,879,940</b>	<b>5,304,578</b>	<b>(3,201,250)</b>	<b>(3,712,773)</b>
Transfers in		1,360,610	5,044,148	681,352
Transfers (out)		(5,169,840)	(1,121,175)	(795,095)
<b>Change in net assets</b>	<b>1,879,940</b>	<b>1,495,348</b>	<b>721,723</b>	<b>(3,826,516)</b>
<b>Net assets, beginning of year</b>	<b>8,723,883</b>	<b>231,995,666</b>	<b>21,011,389</b>	<b>25,108,690</b>
<b>Total net assets, end of Year</b>	<b>\$10,603,823</b>	<b>\$233,491,014</b>	<b>\$21,733,112</b>	<b>\$21,282,174</b>

See accompanying notes to financial statements

Water Facilities Trust	Water Supply Trust	Totals	
		2012	2011
		\$12,017,106	\$9,860,412
		35,398,908	31,785,517
		106,194	444,139
		11,345,942	9,697,595
		129,384	69,872
\$34,973		5,826,774	4,458,537
<u>34,973</u>		<u>64,824,308</u>	<u>56,316,072</u>
		14,552,112	14,811,943
		5,207,898	4,647,071
		115,792	118,003
		1,854,047	1,542,425
		29,608,615	27,676,513
		2,444,072	2,316,114
		2,185,713	2,192,612
		1,183,573	1,348,377
		1,035,709	1,000,498
		2,024,648	1,441,471
		354,389	203,728
		5,793,649	4,682,019
		(1,234,918)	(440,849)
		<u>65,125,299</u>	<u>61,539,925</u>
34,973		(300,991)	(5,223,853)
<u>14,856</u>	<u>\$19,818</u>	<u>641,133</u>	<u>735,257</u>
<u>14,856</u>	<u>19,818</u>	<u>641,133</u>	<u>735,257</u>
<u>49,829</u>	<u>19,818</u>	<u>340,142</u>	<u>(4,488,596)</u>
		7,086,110	173,168,966
		(7,086,110)	(173,168,966)
<u>49,829</u>	<u>19,818</u>	<u>340,142</u>	<u>(4,488,596)</u>
<u>3,119,348</u>	<u>4,720,548</u>	<u>294,679,524</u>	<u>299,168,120</u>
<u>\$3,169,177</u>	<u>\$4,740,366</u>	<u>\$295,019,666</u>	<u>\$294,679,524</u>

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
 ZONE 7  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	State Water Project	Water Sales	Capital Improvement Renewal & Replacement
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$15,445,030	\$33,495,811	\$52,704
Connection and development fees			547,570
Payments to employees		(12,565,691)	(1,378,299)
Payments to suppliers	(13,858,280)	(12,014,408)	(2,599,920)
Net cash provided (used) by operating activities	<u>1,586,750</u>	<u>8,915,712</u>	<u>(3,377,945)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interest income	155,849	123,456	89,614
Cash flows from noncapital financing activities	<u>155,849</u>	<u>123,456</u>	<u>89,614</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property, plant, and equipment		(1,383,544)	
Transfers in		1,360,610	5,044,148
Transfers (out)		(5,169,840)	(1,121,175)
Cash flows from (used for) capital and related financing activities		<u>(5,192,774)</u>	<u>3,922,973</u>
Net increase (decrease) in cash and cash equivalents	1,742,599	3,846,394	634,642
Cash and investments at beginning of period	<u>8,723,883</u>	<u>18,526,673</u>	<u>21,525,384</u>
Cash and investments at end of period	<u>\$10,466,482</u>	<u>\$22,373,067</u>	<u>\$22,160,026</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$1,724,091	\$5,181,122	(\$3,290,864)
Adjustments to reconcile operating income to cash flows			
Depreciation		5,793,649	
Changes in assets and liabilities			
Receivables	(137,341)	(2,530,274)	26,425
Prepaid deposits		133,819	
Accounts payable and accrued expenses		373,551	(113,506)
Compensated absences		(36,155)	
Deposits			
Net cash provided (used) by operating activities	<u>\$1,586,750</u>	<u>\$8,915,712</u>	<u>(\$3,377,945)</u>

See accompanying notes to financial statements

Capital Expansion	Water Facilities Trust	Water Supply Trust	Total	
			2012	2011
\$2,011,857	\$7,015		\$51,012,417	\$49,342,793
10,798,372			11,345,942	9,697,595
(644,277)			(14,588,267)	(14,773,158)
<u>(16,034,148)</u>			<u>(44,506,756)</u>	<u>(43,876,871)</u>
(3,868,196)	7,015		3,263,336	390,359
237,540	14,856	\$19,818	641,133	735,257
<u>237,540</u>	<u>14,856</u>	<u>19,818</u>	<u>641,133</u>	<u>735,257</u>
681,352			(1,383,544)	(498,163)
(795,095)			7,086,110	173,168,966
			<u>(7,086,110)</u>	<u>(173,168,966)</u>
<u>(113,743)</u>			<u>(1,383,544)</u>	<u>(498,163)</u>
(3,744,399)	21,871	19,818	2,520,925	627,453
<u>54,713,583</u>	<u>3,500,345</u>	<u>4,720,548</u>	<u>111,710,416</u>	<u>111,082,963</u>
<u>\$50,969,184</u>	<u>\$3,522,216</u>	<u>\$4,740,366</u>	<u>\$114,231,341</u>	<u>\$111,710,416</u>
(\$3,950,313)	\$34,973		(\$300,991)	(\$5,223,853)
			5,793,649	4,682,019
69,380			(2,571,810)	2,820,150
12,737			133,819	
			272,782	(1,830,908)
			(36,155)	38,785
	(27,958)		<u>(27,958)</u>	<u>(95,834)</u>
<u>(\$3,868,196)</u>	<u>\$7,015</u>		<u>\$3,263,336</u>	<u>\$390,359</u>

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**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

The Alameda County Flood Control and Water Conservation District – Zone 7 (the District) is a public corporation, organized and existing under the constitution and laws of the State of California. The District provides various services including the purchase, treatment and sales of water and the maintenance of flood control channels within the boundaries of its service area. The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reported purposes.

**B. Basis of Presentation**

*Government-Wide Statements*

The statement of net assets and statement of activities display information about the primary government (the District). These statements distinguish between the *governmental* and *business-type activity* of the District. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from the business-type activity, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used for qualified expenditures for capital improvement projects before any unrestricted resources are spent.

*Fund Financial Statements*

The fund financial statements provide information about the District's funds. The fund financial statements present all governmental funds and the water enterprise fund.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports the following governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds.
- The *Flood Protection* is for flood protection and storm water drainage facilities and is reserved for reimbursement to developers.

The District reports the following proprietary funds:

- The *State Water Project* is used for fixed State water charges and State water project bonded indebtedness.
- The *Water Sales* account for enterprise operation and administration, emergency and support services, variable State water charges, water facilities maintenance and operation, water facilities, water resources and water supply planning.
- The *Capital Improvement Renewal & Replacement* is used for improvement, renewal and replacement program.
- The *Capital Expansion* is used for Water Enterprise capital expansion projects.
- The *Water Facilities Trust* is used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fess and deposits, and permit inspection deposits.
- The *Water Supply Trust* is used for future water, water storage and Delta-related projects.

**C. Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, benefit assessments and grants. On an accrual basis, revenues from property taxes and benefit assessments are recognized in the fiscal year for which the taxes and assessments are levied; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes benefit assessments, interest, grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

For its business-type activities and enterprise fund, the District has elected, under Governmental Accounting Standard's Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The District has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund is the sale of water to outside customers. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

***D. Cash and Cash Equivalents***

For purposes of the statement of cash flows the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition, including restricted assets, and all pooled deposits.

***E. Receivables***

Accounts receivable arise from billings to customers for water and sewer usage and certain improvements made to customers' property. Uncollectible amounts from individual customers are not significant.

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***F. Capital Assets***

Capital assets are those purchased or acquired with a useful life greater than one year and an original cost greater than \$250,000 for infrastructure, buildings, building improvements, land improvements and software. The District capitalizes equipment and land with a useful life greater than one year and an original cost greater than \$5,000. These assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that are significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Capital Assets	Useful Life
Treatment plants	40 years
Treatment plants improvements	10 - 40 years
Sludge drying ponds	40 years
Pipeline	40 years
Equipment	3-10 years
Reservoir	40 years
Office building	40 years
Wellfields	40 years
Flood control channels	100 years
Rights of way	Indefinite
Water entitlement	Indefinite

***G. Budgets and Budgetary Accounting***

Formal budgets are employed as a management control during the year for the General Fund.

Budgets for the Governmental Funds are prepared to include encumbrances at year end. Budget comparisons presented are on this Non-GAAP budgetary basis.

***H. Encumbrances – Governmental Fund Financial Statements***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Funds and Flood Protection Fund. Encumbrances at year end are reported as reservation of fund balances since they do not constitute expenditures or liabilities.

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Property Taxes***

The District receives property taxes from Alameda County. The District recognizes property taxes as revenue in the fiscal year of levy, based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill. Under this program the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

***J. Compensated Absences***

The District's policy allows employees to accumulate earned but unused vacation and overtime compensation, subject to a vesting policy. The cost of vacation is recorded in the period it is earned. The District will recognize accrued vacation to the maximum of vacation earned during the preceding two years prior to separation of service. Accumulated employee sick leave benefits are not recognized as liabilities of the District, as these benefits do not vest with the employee. Therefore, sick leave is recorded as expenditure in the period that the benefit is taken. As of June 30, 2012, the balance of compensated absences is \$1,115,935.

***K. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

The District's cash and investments is controlled and invested by the Alameda County Treasurer. Investments are stated at fair value as required by generally accepted accounting principles. Pooled investment earnings are allocated by the Treasurer to each fund based on the cash and investment balances in these funds at the end of each accounting period. At June 30, 2012, the District's cash and investments amounted to \$173,677,600 of which \$59,446,259 and \$114,231,341 were reflected in the District's Governmental and Business-Type Activities, respectively. The make up of these investments can be found in the Alameda County Treasurer's Investment Pool Market Value Report as of June 30, 2012, however the majority of the Pool is comprised of collateralized securities (Treasury Notes, Bills, Federal Agencies and Commercial Paper).

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 3 – CAPITAL ASSETS**

**A. Summary**

The following is a summary of capital assets as of June 30, 2012:

<i>Governmental Activities</i>	Balance at June 30, 2011	Additions	Balance at June 30, 2012
Capital assets not being depreciated:			
Rights of way	\$6,870,550	\$5,000	\$6,875,550
Total capital assets not being depreciated	6,870,550	5,000	6,875,550
Capital assets being depreciated:			
Flood control channels	9,939,359		9,939,359
Total capital assets being depreciated	9,939,359		9,939,359
Less accumulated depreciation for:			
Flood control channels	2,330,693	182,649	2,513,342
Total accumulated depreciation	2,330,693	182,649	2,513,342
Net capital assets being depreciated	7,608,666	(182,649)	7,426,017
Governmental activity capital assets, net	<u>\$14,479,216</u>	<u>(\$177,649)</u>	<u>\$14,301,567</u>



**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 3 – CAPITAL ASSETS (Continued)**

<i>Business-Type Activities</i>	Balance at June 30, 2011	Additions and Transfers	Retirements	Balance at June 30, 2012
Capital assets not being depreciated:				
Rights of way	\$559,718	\$718,179		\$1,277,897
Water entitlements	36,655,364			36,655,364
Easements	1,219,730	73,327		1,293,057
Construction in progress	18,823,488	439,823		19,263,311
Total capital assets not being depreciated	<u>57,258,300</u>	<u>1,231,329</u>		<u>58,489,629</u>
Capital assets being depreciated:				
Equipment	2,726,433	148,626	(\$6,035)	2,869,024
Treatment plants	105,415,112			105,415,112
Office building	1,264,251			1,264,251
Reservoir	1,934,197			1,934,197
Pipelines	52,118,373	3,589		52,121,962
Wellfields	26,435,329			26,435,329
Supervisory Control and Data Acquisition project	9,704,664			9,704,664
Other infrastructure	487,550			487,550
Total capital assets being depreciated	<u>200,085,909</u>	<u>152,215</u>	<u>(6,035)</u>	<u>200,232,089</u>
Less accumulated depreciation for:				
Equipment	2,313,480	185,356	(6,035)	2,492,801
Treatment plants	28,247,503	3,088,985		31,336,488
Office building	753,526	31,606		785,132
Reservoir	860,931	48,355		909,286
Pipelines	8,854,906	1,281,042		10,135,948
Wellfields	3,063,924	660,883		3,724,807
Supervisory Control and Data Acquisition project	3,154,016	485,233		3,639,249
Other infrastructure	34,535	12,189		46,724
Total accumulated depreciation	<u>47,282,821</u>	<u>5,793,649</u>	<u>(6,035)</u>	<u>53,070,435</u>
Net capital assets being depreciated	<u>152,803,088</u>	<u>(5,641,434)</u>		<u>147,161,654</u>
Business-Type activity capital assets, net	<u>\$210,061,388</u>	<u>(\$4,410,105)</u>		<u>\$205,651,283</u>

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 3 – CAPITAL ASSETS (Continued)**

***B. Construction in Progress***

Construction in Progress at June 30, 2012 comprises the following projects:

<u>Projects</u>	
Patterson Pass Water Treatment Plant PPWTP-Sewer Line Project	\$826,340
Santa Rita Pipeline Relocation	547,993
Del Valle Water Treatment Plant-DVWTP Sludge Handling Imprv	1,370
Altamont Water Treatment PlantAWTP-Site Aquis/Raw H2O T	15,512,884
Altamont Water Treatment Plant	1,334,358
Altamont Pipeline-County Reach	592,392
Arroyo Mocho/Lake H Diversion	326,201
Cope Lake Facilities Project	121,773
Total	<u>\$19,263,311</u>

**NOTE 4 – LINE OF CREDIT**

On January 15, 2008, the District signed an installment sale agreement with the Municipal Finance Corporation and Wells Fargo Bank for a tax-exempt revolving line of credit in the amount of \$60,000,000 for a term of six years. Effective January 19, 2011 the Board approved reducing the line to a maximum amount of \$30,500,000. The line carries a variable interest rate based on a calculation of 81.41% of bank's Prime rate, less 2.2%. There are no prepayment penalties, an unused portion fee of 0.05% per year applies, and a debt service of 1.0 times net revenues has to be maintained. As of June 30, 2012 the outstanding balance for the line of credit was \$30,500,000 at an interest rate of 0.45%.

**NOTE 5 – NET ASSETS AND FUND BALANCES**

***Net Assets***

Net Assets is the excess of all the District's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets and are described below:

*Invested in capital assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets, if any, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.



**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 5 – NET ASSETS AND FUND BALANCES (Continued)**

*Unrestricted* describes the portion of Net Assets which is not restricted to use.

***Fund Balance***

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal action of the Board of Directors. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board of Director or its designee and may be changed at the discretion of the Board of Directors or its designee. This category includes encumbrances; nonspendables, when it is the District's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. On February 16, 2005, the District adopted a Reserve Fund Policy which established the Operating and Emergency Reserve. This reserve is to be used in the case of a flood control emergency pending receipt of any State or Federal reimbursements. As of June 30, 2012, the reserve is \$4,200,000 which is included in unassigned fund balance.

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 6 – RETIREMENT PLAN**

All qualified permanent employees participate in the Plan. Members are eligible to retire at age 50 with ten years of service, at age 70 regardless of years of service or at any age with thirty years of service. A year of qualifying service equals one year of full time employment.

The Plan requires participants in Tier 1 to contribute from 9.39%-14.14% of their salary of which the District contributes up to 17.61%. The Plan requires participants in Tier 2 to contribute from 6.30%-10.29% of their salary of which the District contributes up to 16.35%. Contributions necessary to fund the Plan on an actuarial basis are determined by the Alameda County Employees Retirement Association.

The actuarial accrued liability presented below was computed as part of an actuarial valuation performed as of December 31, 2010, which is the latest actuarial valuation available. Significant actuarial assumptions used in the valuation include (a) investment rate of return of 7.9%, (b) projected salary increases of 4.7%-8% per year reflecting 3.50% for inflation and .50% across the board, and (c) cost of living adjustments of 3% for Tier 1 and 2% for Tier 2. The Plan uses the Entry Age Normal Cost Method with a supplemental present value. The amortization period for the supplemental present value is 24 years, with 21 years remaining from January 1, 2012. The Plan uses the level percent of projected payroll method to amortize the unfunded actuarial accrued liability (22-year declining).

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability.

In valuing Plan assets used in determining funding status, the actuary spreads realized and unrealized gains and losses over 5 years.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Plan wide trend information may be found in the Association's Annual Reports.

Annual contributions paid by the District to the Plan are equal to the annual required contributions which were as follows:

<u>Fiscal Year</u>	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
2009-2010	\$423,182	\$2,750,842	\$3,174,024
2010-2011	716,787	2,663,052	3,379,839
2011-2012	689,817	2,688,349	3,378,166

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 7 - POST EMPLOYMENT BENEFITS OTHER THAN RETIREMENT**

The District, through the County of Alameda (County), is a participant under the Alameda County Employees' Retirement Association's (ACERA) plan for other post employment benefits as established by the California Legislature under Article 5.5 of the County Employees Retirement Law of 1937. Retired employees from the District receive a monthly medical allowance toward the cost of their retiree health insurance from the Supplemental Retiree Benefit Reserve (SRBR). The SRBR is a funded trust that receives 50% of the investment earnings that are in excess of the target investment return of the ACERA pension fund. The District funds the premiums for current active employees while ACERA funds the premiums for retirees.

As the underlying cost for non-Medicare eligible retirees is higher than the blended average of actives and non-Medicare eligible retirees, there is an implicit subsidy inherent in the cost allocation process. GASB 45 requires employers using a blended rate for active and non-Medicare eligible retirees to recognize the implicit subsidy liability.

The SRBR is used to fund these benefits for eligible retirees, including retirees from the County and other employers who contribute to the ACERA pension fund, including the District. Accordingly, the District believes it has already accounted for the payments to be made from the SRBR indirectly through its pension contributions and therefore the District's only GASB 45 liability is for the implicit subsidy. Furthermore, as the Board of Retirement cannot make payments to retirees after the SRBR is exhausted, the liability for these benefits is capped at the amount of SRBR assets, therefore, the unfunded liability for these benefits is, by definition, zero.

The funding of these benefits is limited to investment earnings to a special reserve allocated in accordance with the statute. The Board of Retirement has no authority to demand funding from employers or member participants to fund these benefits. If these reserves were depleted, benefits provided by the program will cease. Under the current actuarial assumptions it is anticipated that the reserves will be sufficient to fund the program through the year 2027 based on the December 31, 2010 valuation. Because of the limitations on the Board of Retirement's ability to provide these benefits, this program is considered to be 100% funded through 2027.

**NOTE 8 - INSURANCE**

The District is self-insured for claims under the County of Alameda self-insurance/excess insurance program. The County is a member of the California State Association-Excess Insurance Authority (CSAC-EIA), a California Counties Joint Powers Authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties.

Type of Coverage	Coverage Limit	Self-Insured/Deductible
General Liability, including Auto Liability	\$25,000,000	\$1,000,000
Workers' Compensation	Statutory Limit	3,000,000
Property	610,000,000	50,000
Crime	10,000,000	2,500
Pollution	10,000,000	500,000
Watercraft	1,000,000	1,000

**ALAMEDA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT – ZONE 7  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 9 - COMMITMENT AND CONTINGENT LIABILITIES**

**A. Litigation**

The District is a defendant in a number of lawsuits, which have arisen, in the normal course of business including challenges over certain rates and changes. The ultimate outcome of these matters is not presently determinable. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

**B. Other Contingencies**

In June, 2006, the District entered into a Water Banking and Exchange Program with Cawelo Water District. The District's capital cost is approximately \$19,000,000 to be financed by 30-year revenue bonds issued by Cawelo. In addition, the District will pay for transportation of the water to and from the banking site. \$881,306 was paid for the year ended June 30, 2012.

In compliance with California Environmental Quality Act (CEQA), the District implemented the "Modified Near-Term Project" (the Project), as identified in the Final Environmental Impact Report for the Water Supply Planning Program. The District entered into the following contracts to implement the Project:

A) Effective January 1, 1999, a 15-year agreement with Byron-Bethany Irrigation District to purchase up to 5,000 acre-feet of water per year, with a minimum of 2,000 acre-feet per year available for the District, and a minimum payment of \$90,000 per year.

B) Commencing January 1, 2000, the purchase and permanent transfer of 15,000 acre-feet of State Water Project entitlements from the Lost Hills Water District for a purchase price of \$15,000,000 and assumption of State Water Project "fixed costs" of approximately \$900,000 per year.

**C. Lease Obligation**

On June 4, 2003, the District executed a lease-buy-option agreement with a developer to build a new administrative-engineering building in Livermore, California. The agreement calls for a 15 year escalating operating lease, with annual rents to start at \$986,831 to \$1,302,133 through year 15, with a purchase option of \$12,153,000. Occupancy started February 19, 2005. For the fiscal year ended June 30, 2012, the District paid \$1,120,582. A schedule of future rents is as follows:

For the Year Ending June 30	Lease Obligation
2013	\$1,143,017
2014	1,165,901
2015	1,189,198
2016	1,212,958
2017	1,237,241
2018-2021	3,308,776
Totals	<u>\$9,257,091</u>

# Alameda County Flood Control and Water Conservation District – Zone 7

Memorandum on Internal Control and Required Communications  
for the year ended June 30, 2012

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## MEMORANDUM ON INTERNAL CONTROL

Board of Directors  
Alameda County Flood Control and Water  
Conservation District – Zone 7  
Livermore, California

In planning and performing our audit of the financial statements of the Alameda County Flood Control and Water Conservation District – Zone 7 (the District) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

*Maze + Associates*

October 8, 2012

Accountancy Corporation  
3475 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

t 925.930.0902  
f 925.930.0125  
e maze@mazeassociates.com  
w mazeassociates.com

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## REQUIRED COMMUNICATIONS

Board of Directors  
Alameda County Flood Control and Water  
Conservation District – Zone 7

We have audited the financial statements of the Alameda County Flood Control and Water Conservation District – Zone 7 (the District) as of and for the year ended June 30, 2012 and have issued our report thereon dated October 8, 2012. Professional standards require that we advise you of the following matters relating to our audit.

**Financial Statement Audit Assurance:** Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

**Other Information Included with the Audited Financial Statements:** Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures are explained in our audit report.

**Accounting Policies:** Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There were no changes made to the District's accounting policies for fiscal year ended June 30, 2012.

**Unusual Transactions, Controversial or Emerging Areas:** No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Estimates:** Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Accountancy Corporation  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

T 925.930.0902  
F 925.930.0135  
E maze@mazeassociates.com  
W mazeassociates.com

The most sensitive accounting estimate affecting the financial statements is depreciation. Management's estimate of depreciation is based on the estimated useful lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense and determined that they are reasonable in relation to the basic financial statements taken as a whole.

**Disagreements with Management:** For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Retention Issues:** We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as the District's auditors.

**Difficulties:** We encountered no serious difficulties in dealing with management relating to the performance of the audit.

**Audit Adjustments:** For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the District, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by the District that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

**Uncorrected Misstatements:** Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to management.

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This report is intended solely for the information and use of the finance committee, Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Mage & Associates*

October 8, 2012

# Zone 7 Water Agency Reserve Funds Policy



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

# Zone 7 Water Agency Reserve Policy

Adopted by the Zone 7 Board on April 17, 2013

## 1. Policy Statement

As a part of its mission to provide a reliable supply of high-quality water and effective flood control in a fiscally-responsible way, the Agency is in the process of developing a comprehensive financial plan that will provide a strategy for the timely and cost-effective funding of operations, the capital improvement program and long term financial stability. In conjunction with the development of the aforementioned financial plan, this Interim Reserve Policy, including the methodology for establishing minimum and maximum levels, will be reviewed and re-evaluated to ensure the Agency's financial and fiscal soundness.

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Zone 7 Water Agency ("Zone 7", or the "Agency") will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Reserve Funds ("Funds") will be accumulated, designated and maintained to allow Zone 7 to fund operating expenses and capital expenditures in a manner consistent with its budget and capital improvement plan, respectively, and avoid significant customer rate fluctuations due to changes in cash flow requirements. Further Zone 7 will endeavor to designate funds for all forms of potential disasters, emergencies and unforeseen events to ensure that funds are available to cover the costs associated therewith.

The Zone 7 Board of Directors (the "Board") adopted a Financial Management Framework (the "Framework") on November 16, 2011 (Resolution Number 4137) which includes planning for current operating and capital resource needs to ensure it can achieve its mission by providing for financial stability and health of the Agency. This Interim Reserve Policy has been developed in keeping with the Framework. One of the Framework's goals is to be able to respond to changes in the economic environment and service demands with minimal impact on its customers while maintaining the financial integrity of Zone 7. A fundamental purpose of this policy is to link what must be accomplished with the necessary resources to successfully do so.

The Policy directives outlined in this document are intended to ensure Zone 7 has sufficient funds to meet current and future needs. The Board shall designate specific funds and maintain minimum fund balances consistent with definitions and funding levels outlined in the Policy. The Board will annually review the level of Funds. For the purposes of compliance with this Policy, Zone 7 may use the amounts on deposit in each of the funds as of the final day of each fiscal year for such calculation.

## 2. Definitions

- **Restricted Reserves:** Restrictions imposed by an outside source. May be required by bond covenants in the case of debt issuance or by California's Mitigation Fee Act in the case of water connection fees or flood control's developer impact fees.
- **Designated Reserves:** Set aside for a specific purpose determined by Zone 7's Board of Directors. The Board of Directors has the authority to redirect the use of these funds as needs of the Agency change.
- **Unrestricted Reserves:** Have no imposed restrictions as to their use.

## 3. General Provisions

Zone 7 will maintain its funds in separate accounts in a clearly identifiable manner that provides transparency to its ratepayers. This Policy establishes Reserve Funds for each of the following major funding areas.

- Water Enterprise
- Flood Control
- State Water Project

The minimum fund balances are established to:

- Comply with applicable statutory requirements
- Finance future capital facilities, finance improvements, and repair and replacement of existing assets
- Assure cash flow requirements are met

- Provide for economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy
- Provide for contingencies, emergencies or unforeseen operating or capital needs

To ensure reliable service to its ratepayers and maintain fiscal responsibility, in every fiscal year Zone 7 will maintain balances in its Reserve Funds that are financially prudent.

### ***Segregation of Funds***

The Agency will not transfer moneys between reserve funds that are established under different functions of the Agency. The Agency may complete interfund borrowing between reserves of different functions of the Agency. The Board shall approve any reallocation of funds or any transfers among Reserve Funds.

## **4. Fund Target Levels and Policy Compliance Management**

Upon Board adoption of this policy, Zone 7 staff will take necessary actions to comply with this policy.

Fund balances will be reviewed on an annual basis at the end of the fiscal year based on unaudited/audited actuals to ensure compliance with this Policy. The minimum established for each Fund represents the target that is acceptable to Zone 7 from risk and long-range financial planning perspectives. Maintaining fund balances at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives. These revenue-generating alternatives (either alone or in combination with each other) include, but are not limited to:

- fees and charges,
- energy usage,
- capital financing,
- investment of funds, and
- levels of capital expenditures.

### **I. WATER ENTERPRISE OPERATING RESERVE**

The amounts in the Water Enterprise Operating Reserve should fluctuate depending on the annual operating expenses of Zone 7. The Water Enterprise Operating Reserve Fund is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs. Money on deposit in this fund may be used for unanticipated operating expenses, daily cash flow requirements and emergencies.

**Minimum and Maximum Levels** – Funding shall be targeted at a minimum amount equal to thirty-two (32) days of the Agency’s budgeted total operating expenses, and the maximum amount shall not exceed ninety (90) days of the total budgeted operating expenses. Zone 7 will strive to maintain a target balance amount between thirty-two (32) and ninety (90) days of the Agency’s budgeted total operating expenses.

**Events or Conditions Prompting the Use of the Fund** – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases in revenues and unexpected increases in expenses.

**Periodic Review Dates for Balances** – Fund balances and target levels will be reviewed by staff, the Board and the public during the development and approval of each budget.

### **II. WATER ENTERPRISE EMERGENCY RESERVE**

Funds in the Water Enterprise Emergency Reserve can be used for any operating or capital purpose (i) to begin repair of the water enterprise system after a catastrophic event, such as, but not limited to, an earthquake, fire, terrorist event, or storm while insurance claims are being processed or (ii) in the event of severe financial events that impact the financial soundness of Zone 7.



**Minimum and Maximum Levels** – Funding shall be targeted at a minimum equal to 1% of the capital assets of the Agency's water enterprise system and a maximum of 3% of the capital assets of the enterprise system, based on current Federal Emergency Management Agency (FEMA) guidelines. Zone 7 will strive to maintain a target balance equal to 2% of the capital assets of the water enterprise system.

**Events or Conditions Prompting the Use of the Fund** – The Board may designate use of this fund after establishing that conditions exist as called out in the definition and purpose of the fund. Funds will be transferred to the appropriate capital or operating fund as necessary.

**Periodic Review Dates for Balances** – Fund balances and target level will be reviewed by staff, the Board and the public during the development and approval of each budget.

### III. WATER ENTERPRISE DROUGHT CONTINGENCY RESERVE

The Water Enterprise Drought Contingency Reserve, formerly called the "Rate Stabilization Reserve," supplements losses to water sales revenue resulting from impacts of drought conditions due to regulatory or State and Federal mandated reductions in supply, or an unforeseen event such as a natural disaster, water shortage or other catastrophic event.

**Minimum and Maximum Levels** – Zone 7 will strive to maintain a minimum target balance equal to seven percent (7%) of the budgeted amount of water sales revenue and a maximum target amount equal to 20% of the budgeted amount of water sales revenue.

**Events or Conditions Prompting the Use of the Fund** – Funds may be utilized by staff to cover operating expenses when revenue does not cover the cost of providing services (operating expenses and Asset Management Program transfer) due to losses resulting from the aforementioned conditions.

**Periodic Review Dates for Balances** – Fund balances and the need for funding drought contingency measures will be reviewed by staff, the Board, and the public during the development and approval of each budget. Additionally, the need for funding drought contingency measures may be reviewed at any time during the course of any fiscal year should the need arise.

### IV. WATER ENTERPRISE RATE STABILIZATION RESERVE

The Rate Stabilization Reserve is a new reserve that will serve as a means to temper the need for significant water rate increases. Ongoing water rate increases are projected to meet the cost of service. In order to offset significant increases in water rates, the rate stabilization reserve will be established. The reserve will accumulate revenues for use during periods of unanticipated fluctuations in treated water rate revenues and cost of service.

**Minimum and Maximum Levels** – The Agency will maintain a minimum target level equal to six percent (6%) of the budgeted amount of water sales revenue.

**Events or Conditions Prompting the Use of the Fund** – This reserve will be drawn down to smooth rate increases as authorized by the Board during the rate-setting and/or budget process. The Agency will strive for an initial target balance of \$6.8 million. To determine whether and in what amount money from this reserve should be used to offset any proposed water rate increase in excess of 2 times the CPI for the San Francisco Bay Area, Zone 7 will consider and analyze the following factors:

1. the annual CPI for the San Francisco Bay Area;
2. the annual increase in construction costs as provided by the Engineering New Record or alternative source for such data;
3. the projected rate increases for the next succeeding five fiscal years of the Agency;
4. the actual rate increases for the previous five fiscal years of the Agency;
5. the projected capital expenditures for the next succeeding five fiscal years of the Agency;
6. the funds on hand to spend on capital projects over the next succeeding five fiscal years of the Agency; and
7. the amounts on deposit in each of the other Reserve Funds covered under this policy.

**Periodic Review Dates for Balances** – Fund balances and target level will be reviewed by staff, the Board, and the public during the development and approval of each budget.

#### **V. WATER ENTERPRISE CAPITAL IMPROVEMENT, RENEWAL & REPLACEMENT AND SYSTEM-WIDE IMPROVEMENTS RESERVE**

The Agency employs a pay-as-you-go funding strategy to minimize debt borrowing and interest expenses, therefore capital reserve funds are accumulated to provide for current and future funding needs of the various capital programs. The amount on deposit in the Water Enterprise Capital Improvement, Renewal & Replacement and System-Wide Improvements Reserve is earmarked by the Board of Directors for capital projects to meet regulatory requirements, replacement needs and system reliability of Zone 7's water enterprise. These capital projects are included in the

- 10-year Water System Capital Improvement Program; and
- the Asset Management Program (AMP), both of which are reviewed and approved by the Board of Directors periodically.

Within this fund is a separate reserve to be used for a portion of the acquisition of the Agency's administrative-engineering building (the "Building Sinking Fund"). Contributions are made to the Water Enterprise Capital Improvement, Renewal & Replacement and System-Wide Improvement Sinking Fund at the discretion of the Agency and money therein is designated for the purpose of acquiring the Agency's future administrative-engineering building. At such time that the administrative-engineering building is acquired by Zone 7, the Building Sinking Fund may be closed at the discretion of the Agency. The Capital Improvement, Renewal & Replacement System-Wide Improvements Reserve funds capital improvement projects and assets, and the renewal or replacement of capitalized assets as they reach the end of their useful lives.

**Minimum and Maximum Levels** – Funding for the Water Enterprise Capital Improvement, Renewal & Replacement and System-Wide Improvement Reserve shall be targeted at a minimum amount equal to 100% of the estimated capital budget for the fiscal year immediately succeeding the then-current budgeted fiscal year, plus 50% of the estimated capital budget for the fiscal year two years subsequent to the then current budgeted fiscal year. Zone 7 will not have a maximum target for this fund, but rather the fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP and the reserve balance shall be consistent with the reserve balances forecast in the most recent asset management plan and the current capital improvement plan. Funds on deposit in the Building Sinking Fund shall not be considered in connection with the calculation of minimum levels.

**Events or Conditions Prompting the Use of the Fund** – Staff will recommend that assets be constructed, replaced, upgraded and/or repaired during the development and approval of the annual budget. Funds will be appropriated from the Water Enterprise Capital Improvement, Renewal & Replacement and System-Wide Improvement Reserve for renewal, replacement, or system-wide improvements projects.

**Periodic Review Dates for Balances** – Fund balances and projected improvement projects will be reviewed by staff, the Board and the public during the development and approval of each budget.

#### **VI. WATER ENTERPRISE CAPITAL EXPANSION RESERVE**

The Agency employs a pay-as-you-go funding strategy to minimize debt borrowing and interest expenses, therefore capital reserve funds are accumulated to provide for current and future funding needs. Money in the Water Enterprise Capital Expansion Reserve is earmarked by the Board of Directors for capital projects to meet needs as a result of development and system reliability. In furtherance of meeting such needs the Agency incurred certain non-discretionary financial obligations associated with capital expansion projects. Within this fund are three separate reserves to be used for the:

1. A portion of the acquisition costs for the Agency's administrative-engineering building, (the "Building Sinking Fund");
2. Construction of improvements and enlargements to the South Bay Aqueduct (the "SBA Sinking Fund") and
3. Future Contractors share of the South Bay Aqueduct construction (the "FCSBA Sinking Fund").

Contributions are made to the Building Sinking Fund at the discretion of the Agency and moneys therein are designated for the sole use of acquiring the Agency's administrative-engineering building. At such time that the administrative-engineering building is acquired by Zone 7 the Building Sinking Fund may be closed at the discretion of the Agency.

The Water Enterprise Capital Expansion Reserve is used for the funding of expansion capital projects to accommodate new growth.

**Minimum and Maximum Levels** – Funding for the Water Enterprise Capital Expansion Reserve shall be targeted at a minimum amount equal to 60% of the estimated non-discretionary amount budgeted annually. Zone 7 will not have a maximum limitation for this fund, but rather the fund shall accumulate sufficient reserves to pay for future capital expansion projects as set forth in the capital improvement plan. The Agency may satisfy the minimum amount through the use of lines of credit, interim inter-fund borrowings or other financing arrangements. Funds on deposit in the Building Sinking Fund, SBA Sinking Fund and FCSBA Sinking Fund shall not be considered in connection with the calculation of minimum or maximum levels of the Water Enterprise Capital Expansion Reserve.

**Events or Conditions Prompting the Use of the Fund** – Staff will recommend new assets to be constructed during the development and approval of the annual budget. Funds will be appropriated from the Water Enterprise Capital Expansion Reserve for expansion capital projects.

**Periodic Review Dates for Balances** – Fund balances and projected capital projects will be reviewed by staff, the Board and the public during the development and approval of each budget.

#### **VII. FLOOD CONTROL OPERATING RESERVE**

The amounts in the Flood Control Operating Reserve Fund will fluctuate depending on the receipt of property taxes and the annual operating expenses of Zone 7. The Flood Control Operating Reserve is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs. Money on deposit in this fund may be used for unanticipated operating expenses, daily cash flow requirements and emergencies.

**Minimum and Maximum Levels** – Funding shall be targeted at a minimum amount equal to twenty percent (20%) of the Agency's budgeted total annual operating expenses, and the maximum amount shall not exceed 50% of the total budgeted operating expenses.

**Events or Conditions Prompting the Use of the Fund** – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and/or shifts in the allocation of property taxes to Zone 7.

**Periodic Review Dates for Balances** – Fund balances and target levels will be reviewed by staff, the Board and the public during the development and approval of each budget.

#### **VIII. FLOOD CONTROL CAPITAL PROJECT RESERVE**

The Flood Control Capital Project Reserve is a new reserve that will hold the balance of funds once the Flood Control Operating Reserve Fund achieves levels that are consistent with this Policy on an annual basis. The amount on deposit in the Flood Control Capital Project Reserve is earmarked by the Board of Directors for capital projects to meet Zone 7's flood protection needs. These capital projects are included in the current Flood Control Capital Improvement Plan and in the Stream Management Master Plan and any related updates. Within the Flood Control Project Reserve is a separate reserve to be used for a portion of the acquisition of the Agency's administrative-engineering building (the "Building Sinking Fund"). Contributions are made to this fund at the discretion of the Agency and money therein is designated for the purpose of acquiring the Agency's administrative-engineering building. At such time that the administrative-engineering building is acquired by Zone 7, the Building Sinking Fund may be closed at the discretion of the Agency.

**Minimum and Maximum Levels** – There are no current plans to set minimum or maximum target balances in the Flood Control Project Reserve.



**Events or Conditions Prompting the Use of the Fund** – The Flood Control Project Reserve may be used at any time for flood control maintenance or improvement projects not related to development.

**Periodic Review Dates for Balances** – Fund balances will be reviewed by staff, the Board and the public during the development and approval of each budget.

#### **IX. FLOOD PROTECTION AND STORM WATER DRAINAGE DEVELOPMENT IMPACT FEE PROJECT RESERVE**

The purpose of the Flood Protection and Storm Water Drainage Development Impact Fee (DIF) Project Reserve is to ensure that Zone 7 is able to meet current and future needs for flood control facilities and is primarily intended to provide funding for any flood control facilities required to mitigate the impacts of new development. This Reserve will hold development impact fees in connection with Flood Protection improvements related to development. Within this fund is a separate reserve to be used for a portion of the acquisition of the Agency's administrative-engineering building (the "Building Sinking Fund"). Contributions to the Building Sinking Fund are made at the discretion of the Agency and money therein is designated for the sole use of acquiring the Agency's administrative-engineering building. At such time that the administrative-engineering building is acquired by Zone 7 the Building Sinking Fund may be closed at the discretion of the Agency.

**Minimum and Maximum Levels** – This Reserve will not be required to have a minimum or maximum balance.

**Events or Conditions Prompting the Use of the Fund** – This Reserve may be used at any time for flood protection projects required to mitigate the impacts of new development.

**Periodic Review Dates for Balances** – Fund balances will be reviewed by staff, the Board and the public during the development and approval of each budget.

#### **X. STATE WATER FACILITIES OPERATING RESERVE**

The amounts in the State Water Facilities Operating Reserve Fund will fluctuate depending on the receipt of property taxes and the annual operating expenses of Zone 7 related to the State Water Project. The State Water Facilities Operating Reserve Fund is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs. This fund may be used for unanticipated operating expenses, daily cash flow requirements and emergencies related to State Water Project costs.

**Minimum and Maximum Levels** – Funding shall be targeted at a minimum amount equal to fifty percent (50%) of the Agency's budgeted total annual operating expenses and a maximum targeted amount of 100% of the Agency's budgeted total annual operating expenses.

**Events or Conditions Prompting the Use of the Fund** – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases unexpected increases in expenses.

**Periodic Review Dates for Balances** – Fund balances and target levels will be reviewed by staff, the Board and the public during the development and approval of each budget.



# Financial Management Framework



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

## Financial Management Framework

### 1. Purpose

To direct staff to prudently manage Zone 7's funds and to maintain financial and accounting records of all transactions in accordance with generally accepted accounting principles. To adequately plan for the funding of current and future operational requirements and capital resources necessary to achieve the Agency's mission. To provide staff with a framework to develop policies and procedures to ensure Zone 7's mission by providing financial health and stability to the Agency. To direct staff that the assessment, levy and collection of taxes, the adoption of the Agency budget, and the appropriation, accounting, and transfer of funds shall be governed by general law and in accordance with generally accepted accounting principles and practices.

### 2. Administration of the system

In keeping with Resolution No. 09-3266, which states that "The Agency's General Manager has full charge and control of the day-to-day management, operation and administration of the Agency," the General Manager shall retain primary jurisdiction, responsibility, and authority for all matters pertaining to the day-to-day financial management of the Agency. To direct, control, supervise, and manage the development, preparation, organization, administration, operation, implementation, and maintenance of a comprehensive financial management program for Zone 7 Water Agency, the General Manager shall be designated as the fiscal officer of the Agency. The General Manager may delegate any of the powers and duties conferred upon him or her as fiscal officer to any other employee of the Agency or may recommend that such powers and duties or any part of them be performed under contract.

### 3. Security of the system

The General Manager shall cause an audit of the financial transactions and records of the Agency to be made at least annually by a third party certified public accountant (i.e., one not employed by the Agency). As soon as possible at the end of each fiscal year a final audit and report shall be completed and submitted to the Board of Directors. Copies shall be placed on file in the office of the General Manager and be available for public inspection. The General Manager shall also prepare such additional reports as the Board of Directors may from time to time request for information and use in setting financial policies for the Agency.

# Budget Glossary of Terms



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

## Budget Glossary of Terms

The Zone 7 Annual Budget contains terminology that is unique to public finance and budgeting. To assist the reader of this Annual Budget document in understanding these terms, we have assembled this budget glossary of terms.

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**Accrual Basis of Accounting:** The basis of accounting under which transactions are recognized when they occur, regardless of the timing of cash receipts and disbursements.

**Acre Foot:** The volume of water that will cover one acre to a depth of one foot. One acre foot equals 325,850 gallons. It is estimated that one half an acre foot serves a typical private residence for one year.

**Activities:** The major programs and projects performed by an organizational unit.

**Appropriation:** An amount of money in the Budget, authorized by the Board of Directors, for expenditure, obligation and reserves within organizational units for specific purposes.

**Assets:** Resources owned or held by Zone 7 which have monetary value.

**Asset Management:** A set of systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan.

**Audit:** A comprehensive investigation of the manner in which the government's resources were actually utilized. A financial audit is a review of the accounting system and financial information to determine how government funds were spent and whether expenditures were in compliance with the legislative body's appropriations.

**Balance Sheet:** A financial statement that discloses the assets, liabilities, and fund equity of a specific fund at a specific date.

**Board of Directors:** The governing body of Zone 7 Water Agency. The board is made up of seven directors elected at large from the communities of Livermore, Pleasanton and Dublin.

**Bond:** A written promise to pay a sum of money on a specific date at a specific interest rate. The interest payments and the repayment of the principal are authorized in a District bond resolution. The most common types of bonds are general obligation bonds and revenue bonds. These are frequently used for construction of large capital projects such as buildings, streets, etc.

**Budget:** A financial plan for a specific period of time that matches all planned revenues and expenditures with various services. Zone 7 uses a fiscal year beginning each July 1 and ending each June 30 for budgetary and financial reporting purposes.

**Budgetary Control:** The control or management of a governmental unit or enterprises in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**Capital Equipment:** Fixed assets such as vehicles, equipment, computers, furniture, technical instruments, etc. which have a life expectancy of more than one year.

**Capital Improvement Program (CIP):** A long-range plan of Zone 7 for the construction, rehabilitation and modernization of Zone 7-owned and operated infrastructure.

**Capital Outlay:** Expenditures which result in the acquisition of, or addition to, fixed assets including land, buildings, improvements, machinery and equipment.

**Debt Service Fund:** Established to account for annual property tax levies and certain other revenues, primarily interest on investments, which are used for payment of principal and interest of bond issues.

**District:** Refers to the Alameda County Flood Control and Water Conservation District, of which Zone 7 is one of the designated service areas. Zone 7 provides water and flood control services.

**Fund:** A sum of money or other resources, such as taxes, charges, fees, etc., established for conducting specified operations for attaining certain objectives. Funds are frequently under specific limitations.

**Fund Accounting:** A governmental account system which is organized and operated on a fund basis.

**Fund Balance:** Fund balance is the excess of assets over liabilities. It is typically divided into three categories. Fund balance may be categorized as (1) reserved – indicating that there are legal restrictions governing the future expenditures, (2) non-discretionary-indicating that the Board of Directors expects to expend it for certain purposes, or (3) discretionary – indicating it is available for expenditures for general governmental purposes.

**Generally Accepted Accounting Principles (GAAP):** Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP provides a standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to the State and local governments are Government Accounting Standards Board (GASB) pronouncements.

**Grant:** A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed the grantee.

**Interfund Transfers:** Amounts transferred from one fund to another, usually to reimburse the receiving fund for services performed for the transferring fund.

**Liabilities:** Obligations incurred in past or current transactions requiring present or future settlement.

**Line Items:** Expenditure classifications established to account for budget appropriations approved.

**Mandated Cost:** Any responsibility, action or procedure that is imposed by one sphere of government on another through constitutional, legislative, administrative, executive or judicial action as a direct order.

**Modified Accrual Basis of Accounting:** The basis of accounting under which revenues are recognized when measurable and available to pay liabilities and expenditures are recognized when the liability is incurred except for interest on long-term debt which is recognized when due.

**Object Classification:** A grouping of expenditures on the basis of goods or services purchased (e.g. personnel, services and supplies, equipment, etc.)

**Obligations:** Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

**Operating Budget:** The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel and fuel, and does not include purchases of major capital plant or equipment which is budgeted for separately in the Capital Budget.

**Ordinance:** A bill, resolution or order by means of which appropriations are given legal effect. It is the method by which the appropriation of the annual budget is enacted into law by the District Board of Supervisors.

**Reserve:** An account used to indicate that a portion of a fund's balance is set aside for a specific purpose and is, therefore, not available for general appropriation.

**Revenue:** Monies received as income. It includes such items as water sales, fees for services, contributions in aid of construction, grants and interest income. Estimated revenues are those expected to be collected during the fiscal year.





Position Detail,  
Fiscal Years  
2010/11 - 2014



Zone 7 Water Agency  
*Fiscal Year 2013-14 Budget*

<b>Position Detail, Fiscal Years 2010/11 - 2014</b>					
	<b>FY 10/11 Budget</b>	<b>FY 11/12 Budget</b>	<b>FY 12/13 Budget</b>	<b>FY 13/14 Budget</b>	<b>Change</b>
General Manager	1.00	1.00	1.00	1.00	0.00
Assistant General Manager	1.00	1.00	1.00	1.00	0.00
Asst Gen Manager, Engineering	1.00	1.00	0.00	0.00	0.00
Assistant Gen Mgr, Personnel	0.00	0.00	0.00	1.00	1.00
General Counsel	1.00	0.00	0.00	0.00	0.00
Environmental & Public Affairs Manager	1.00	0.00	0.00	0.00	0.00
Water Resources Technician II	0.00	0.00	0.00	0.00	0.00
Executive Assistant	1.00	1.00	1.00	1.00	0.00
Secretary	2.00	2.00	2.00	2.00	0.00
Senior Engineer/Geologist	0.00	0.00	2.00	0.00	-2.00
Associate Engineer (Engineer III)	0.00	0.00	2.00	0.00	-2.00
Associate Water Resources Planner	1.00	1.00	2.00	0.00	-2.00
Assistant Water Resources Planner	1.00	1.00	0.00	0.00	0.00
Water Conservation Coordinator	1.00	1.00	1.00	0.00	-1.00
Staff Analyst	0.00	0.00	0.00	0.00	0.00
Office Assistant	1.00	0.00	0.00	0.00	0.00
Communications Specialist	1.00	1.00	1.00	0.00	-1.00
Administrative Student Intern	0.00	0.00	0.00	1.00	1.00
Water Resources Engineer Trainee	0.00	0.00	1.00	0.00	-1.00
<b>Office of the General Manager</b>	<b>13.00</b>	<b>10.00</b>	<b>14.00</b>	<b>7.00</b>	<b>-7.00</b>
Assistant Gen Mgr, Finance	1.00	1.00	1.00	0.00	-1.00
Financial & Systems Services Manager	1.00	1.00	1.00	1.00	0.00
Accounting Manager	1.00	1.00	1.00	1.00	0.00
Senior Auditor/Accountant	1.00	1.00	1.00	1.00	0.00
Staff Analyst	1.00	1.00	2.00	1.50	-0.50
Geographic Info Sys Analyst	1.00	1.00	1.00	0.00	-1.00
Transportation & Supply Coordinator	1.00	0.00	0.00	0.00	0.00
Senior Procurement & Contracts Spec	0.00	0.00	0.00	0.00	0.00
Buyer II	1.00	1.00	1.00	1.00	0.00
Office Assistant	0.00	0.00	0.00	0.50	0.50
Account Clerk	3.00	3.00	3.00	3.00	0.00
<b>Finance</b>	<b>11.00</b>	<b>10.00</b>	<b>11.00</b>	<b>9.00</b>	<b>-2.00</b>
Assistant Gen Mgr, Personnel	1.00	1.00	1.00	0.00	-1.00
Employee Services Manager	0.00	0.00	0.00	1.00	1.00
Human Resources Analyst II	2.00	2.00	2.00	1.00	-1.00
Staff Analyst	0.00	0.00	0.00	0.50	0.50
Communications Specialist	0.00	0.00	0.00	1.00	1.00

	FY 10/11 Budget	FY 11/12 Budget	FY 12/13 Budget	FY 13/14 Budget	Change
<b>Finance Continued</b>					
Safety Technician II	2.00	2.00	2.00	2.00	0.00
Employee Services Technician	0.00	0.00	1.00	1.00	0.00
Personnel Technician	1.00	1.00	0.00	0.00	0.00
Office Assistant	0.00	0.00	0.00	0.50	0.50
<b>Employee Services</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>7.00</b>	<b>1.00</b>
Associate Engineer (Engineer III)	0.50	0.50	0.50	0.50	0.00
Assistant Engineer (Engineer II)	1.00	1.00	1.00	1.00	0.00
Junior Water Resources Planner	1.00	1.00	1.00	1.00	0.00
Water Quality Manager	1.00	1.00	1.00	1.00	0.00
Water Quality Chemist	2.00	2.00	2.00	2.00	0.00
Water Quality Lab Technician	2.00	2.00	2.00	2.00	0.00
<b>Water Quality</b>	<b>7.50</b>	<b>7.50</b>	<b>7.50</b>	<b>7.50</b>	<b>0.00</b>
Senior Engineer/Geologist	0.00	0.00	0.00	2.00	2.00
Associate Engineer (Engineer III)	0.00	0.00	0.00	2.00	2.00
Associate Water Resources Planner	0.00	0.00	0.00	1.00	1.00
Junior Water Resources Planner	0.00	0.00	0.00	1.00	1.00
Water Conservation Coordinator	0.00	0.00	0.00	1.00	1.00
Administrative Student Intern	0.00	0.00	0.00	0.50	0.50
<b>Integrated Planning</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7.50</b>	<b>7.50</b>
Manager of Engineering	0.00	0.00	1.00	1.00	0.00
Principal Engineer	2.00	1.00	1.00	1.00	0.00
Senior Engineer/Geologist	3.00	3.00	2.00	2.00	0.00
Associate Engineer - Control System	1.00	1.00	1.00	1.00	0.00
Associate Engineer (Engineer III)	8.00	10.00	8.00	6.00	-2.00
Assistant Engineer	1.00	0.00	0.00	1.00	1.00
Water Resources Technician III	1.00	1.00	1.00	0.00	-1.00
Water Resources Technician II	0.00	0.00	1.00	1.00	0.00
<b>Water Facilities</b>	<b>16.00</b>	<b>16.00</b>	<b>15.00</b>	<b>13.00</b>	<b>-2.00</b>
Principal Engineer	1.00	1.00	1.00	1.00	0.00
Associate Engineer (Engineer III)	1.00	1.00	1.00	1.00	0.00
Assistant Engineer (Engineer II)	2.00	2.00	1.00	1.00	0.00
Emergency & Safety Supervisor	1.00	0.00	0.00	0.00	0.00
Construction Inspector	0.00	1.00	1.00	1.00	0.00
Water Resources Technician II	4.00	4.00	4.00	3.00	-1.00

	FY 10/11 Budget	FY 11/12 Budget	FY 12/13 Budget	FY 13/14 Budget	Change
<b>Groundwater Protection</b>	<b>9.00</b>	<b>9.00</b>	<b>8.00</b>	<b>7.00</b>	<b>-1.00</b>
Production Manager	1.00	0.00	0.00	0.00	0.00
Operations Manager	0.00	1.00	1.00	1.00	0.00
Water Facilities Supervisor	4.00	3.00	3.00	3.00	0.00
Secretary	1.00	1.00	1.00	1.00	0.00
Water Plant Operator III	19.00	19.00	19.00	19.00	0.00
<b>Operations</b>	<b>25.00</b>	<b>24.00</b>	<b>24.00</b>	<b>24.00</b>	<b>0.00</b>
Maintenance Manager	0.00	1.00	1.00	1.00	0.00
Water Systems Superintendent	1.00	0.00	0.00	0.00	0.00
Water Facilities Supervisor	1.00	0.00	0.00	0.00	0.00
Facilities Maint & Constr Supervisor	1.00	2.00	2.00	2.00	0.00
Maintenance Materials Planner/Buyer	1.00	0.00	0.00	0.00	0.00
Maintenance Coordinator	0.00	1.00	1.00	1.00	0.00
Electrician	2.00	2.00	2.00	2.00	0.00
Transportation & Supply Coordinator	0.00	1.00	1.00	1.00	0.00
Instrument Technician II	4.00	4.00	4.00	4.00	0.00
Lead Plant Mechanic	1.00	1.00	1.00	1.00	0.00
Plant Mechanic	4.00	4.00	4.00	4.00	0.00
Plant Maint Laborer	1.00	1.00	1.00	1.00	0.00
<b>Construction Maintenance Laborers</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>
Maintenance	18.00	19.00	19.00	19.00	0.00
Principal Engineer	1.00	1.00	1.00	1.00	0.00
Associate Engineer (Engineer III)	3.00	3.00	2.00	2.00	0.00
Assistant Engineer (Engineer II)	1.00	1.00	2.00	1.00	-1.00
Water Resources Technician II	2.00	2.00	1.00	1.00	0.00
<b>Flood Control</b>	<b>7.00</b>	<b>7.00</b>	<b>6.00</b>	<b>5.00</b>	<b>-1.00</b>
<b>District Total</b>	<b>112.50</b>	<b>108.50</b>	<b>110.50</b>	<b>106.00</b>	<b>-4.50</b>



