



Why it is Important for Zone 7 to Become an Independent Special District

- History:
 - In 1957, the Tri-Valley voters approved the creation of Zone 7 and elected its first Board of Directors
 - In the mid-1970's the Board of Supervisors delegated to the Zone 7 Board the authority to sign amendments to the State Water Project (SWP) contract
 - Then between 1976 and 1978, the Zone 7 Board and the Board of Supervisors developed a Memorandum of Understanding (MOU) "...for the purpose of accommodating the desires of Zone Board to increase Zone Board's autonomy..." This MOU clarified the roles of each agency, reassigned certain District staff, and approved the establishment of a Zone 7 General Manager position
 - In 1994, the Zone 7 Board and the Board of Supervisors executed Amendment #1 to the MOU, which gave the Zone 7 Board the authority to set Zone 7 employee salaries independent of the County Public Works salaries and to execute contracts up to \$500,000 (which later was increased to \$2,000,000 through additional actions)
 - In 2003, AB 1125 was passed, an amendment to the Alameda County Flood Control and Water Conservation District Act (District Act) which gave the Zone 7 Board the authority to govern and control in accordance with the District Act without further action by the District (County) Board on all matters that relate only to the residents of Zone 7, eliminating the need for dual approvals of contracts over \$2,000,000, among other things
- AB 1125 has given almost complete autonomy to Zone 7
 - Zone 7 already controls its two operating units, Flood Control and the Water Enterprise. Funds are not commingled either with other District (County) zones or between the two Zone 7 units and Zone 7 projects serving both flood control and water resource purposes (such as development of the Chain of Lakes) are analyzed critically so that costs can be allocated appropriately; the cost splits are reviewed and analyzed by both water customers (the retailers) and other stakeholders (the local municipalities have a strong interest in flood control expenditures, as do developers)
 - Zone 7's employees already are all in Zone 7-specific classifications
 - Zone 7 already negotiates directly with all four represented bargaining units for these Zone 7-specific job classifications and has since the 1994 MOU

Amendment, discussed above

- Zone 7 already develops, adopts and manages its own Capital Improvement Program and operating budgets for both Flood Control and the Water Enterprise functions
- Zone 7 already maintains its own financial software, Blackbaud Fundware, which provides a mechanism for detailed budget and project controls
- The autonomy provided by the existing legislation (AB 1125) could allow Zone 7 to accomplish nearly all the additional financial and monetary objectives that have been identified in the July 2009 Management Partners draft report, "Comprehensive Economic and Operations Analysis"
 - Streamlined, utility-focused purchasing
 - Optimized investment
- There are two key objectives that cannot be accomplished under AB 1125
 - Through its retailer, DSRSD, Zone 7 serves over 15,000 residents in Dougherty Valley, which is in South San Ramon in Contra Costa County; this number is expected to grow to 20,000 to 30,000 at build-out (i.e., 10-15% of the total population served by Zone 7). As long as Zone 7 remains part of the Alameda County Flood Control and Water Conservation District, these Contra Costa County residents will remain unenfranchised, without the right to vote for Zone 7's directors. Residents in Dougherty Valley are also included in an assessment district administered by DSRSD, the assessments for which are becoming increasingly inequitable as the population of this area grows.
 - Recruiting and retention have become challenging for Zone 7 within the current County Civil Service structure, a situation which has become more critical as the number of Zone 7 staff has been severely reduced to minimize ongoing operational costs during these tight economic times
- Based on the history and the need to address the two key objectives that cannot be accomplished under AB 1125, Zone 7 is seeking legislation that would allow it to become an independent special district, crossing county lines and more equitably serving all its customers, including those in Dougherty Valley
- To meet those objectives, Zone 7 plans to pursue legislation that will come in the form of a new Zone 7 Act which would combine elements of the current Alameda County Flood Control and Water Conservation District Act with the recently-passed Santa Clara Valley Water District Act, which severed ties between that water and flood control district and its respective county while preserving authority and responsibilities