Zone 7 Water Agency

2009 ANNUAL REPORT

RELIABILITY FOR THE FUTURE

Our Misson

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.

A Message From the President

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

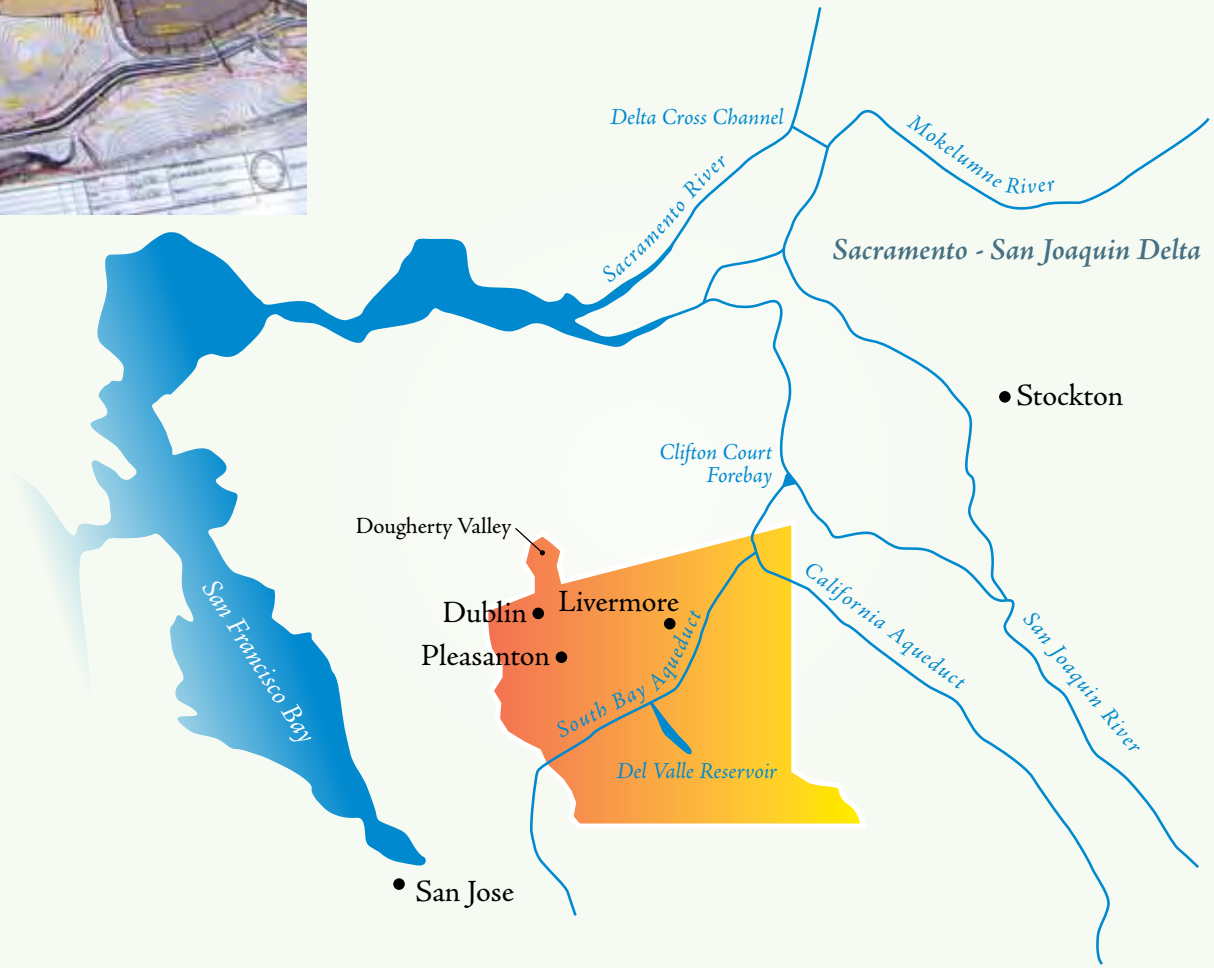
Bill Stevens

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 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

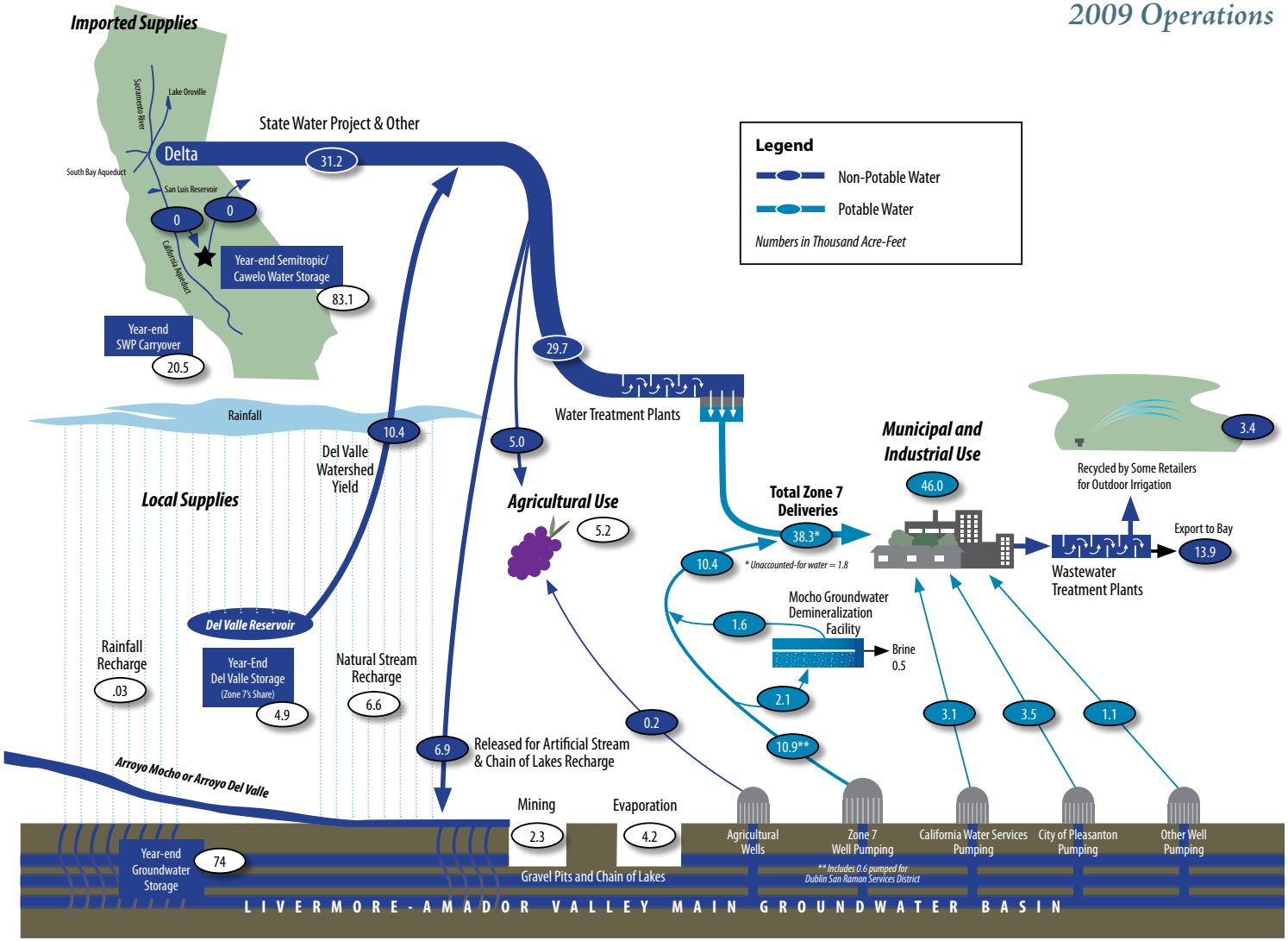
We also rely on rain runoff in our local watershed, stored as a small fraction of the water in Del Valle Reservoir. Some of this water is sent to our Del Valle Water Treatment Plant for distribution, and some is used for groundwater recharge.

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.

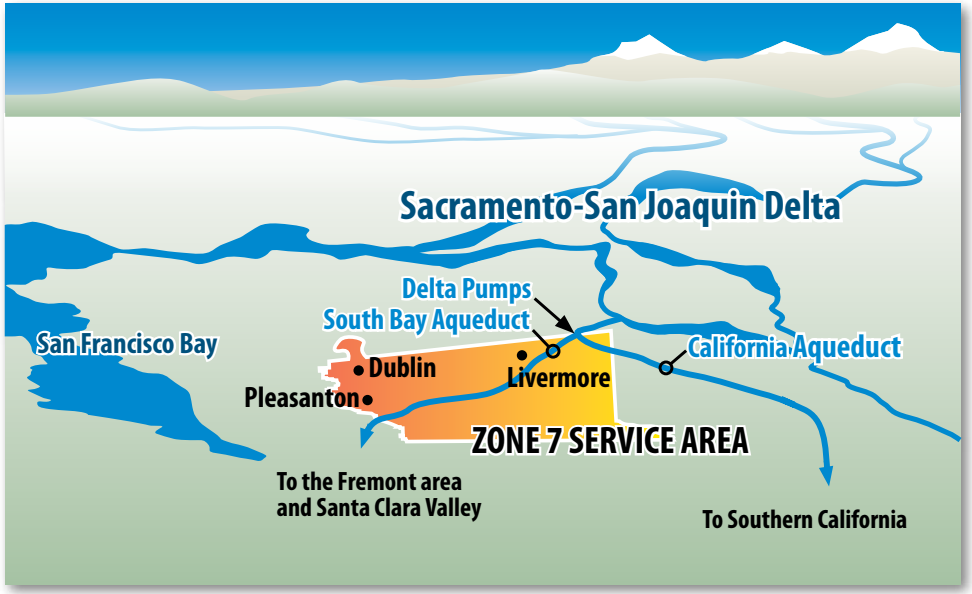
The Delta crisis not only threatens the ability of Zone 7 to meet the region's planned buildout as determined by its cities, it also threatens water reliability/quality for existing Zone 7 customers. The estuary faces mounting issues related to seawater intrusion from earthquakes, breaking levees and 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.

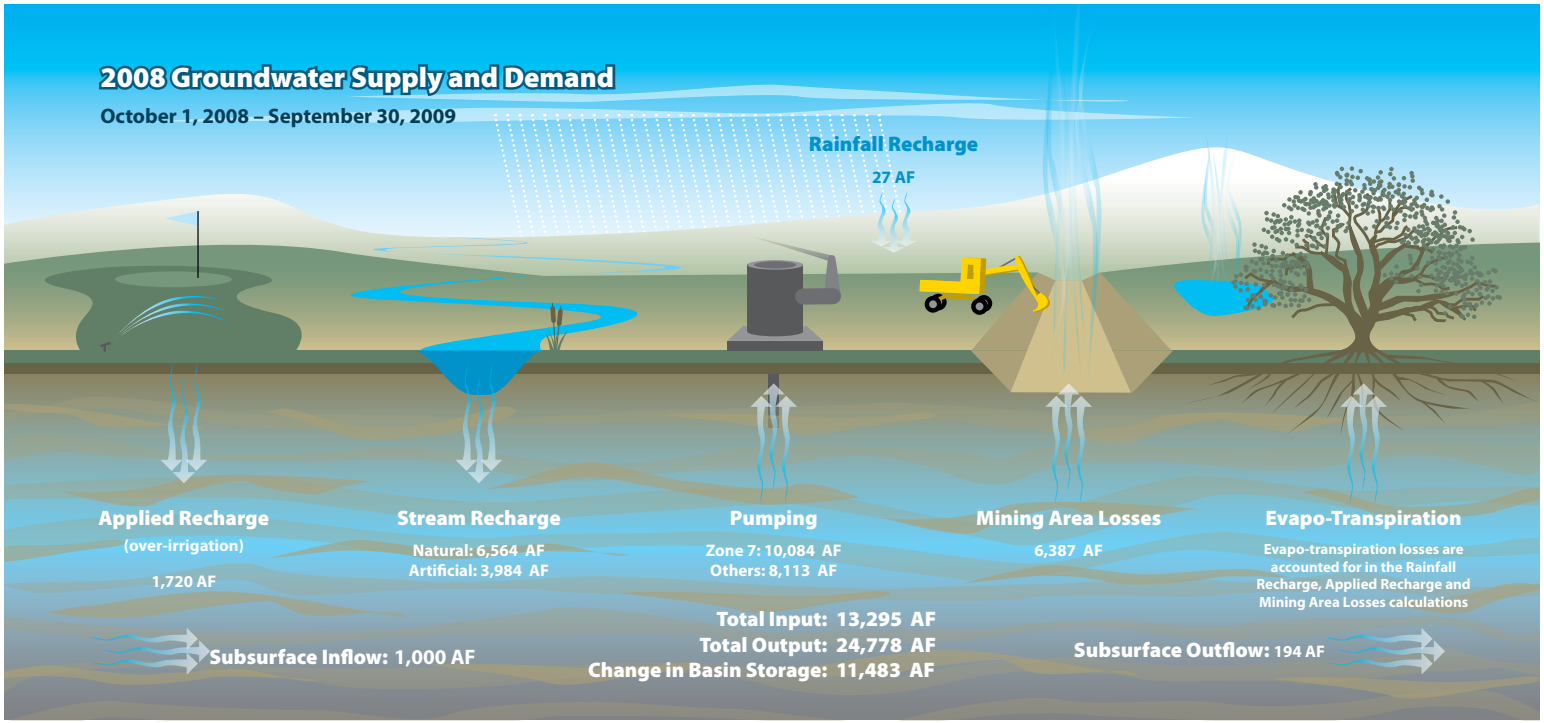
Although we believe we will always rely on the Delta for the majority of our water supply, our new water system master plan will help identify other potentially economical approaches to providing a reliable supply of high-quality water to the Livermore-Amador Valley. For example, these approaches may 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
Total supply	**52,500**	**52,500**
Demand		
Municipal (drinking) water	43,300	38,300
Untreated irrigation water	4,200	5,000
Unaccounted-for water *	1,600	2,300
Total in-Valley demand	**49,100**	**45,600**
Released for local groundwater recharge	3,400	6,900
Sent to offsite banking	0	0
Total Demand	**52,500**	**52,500**
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
Total Year-End Storage	**187,900**	**182,500**

* 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.

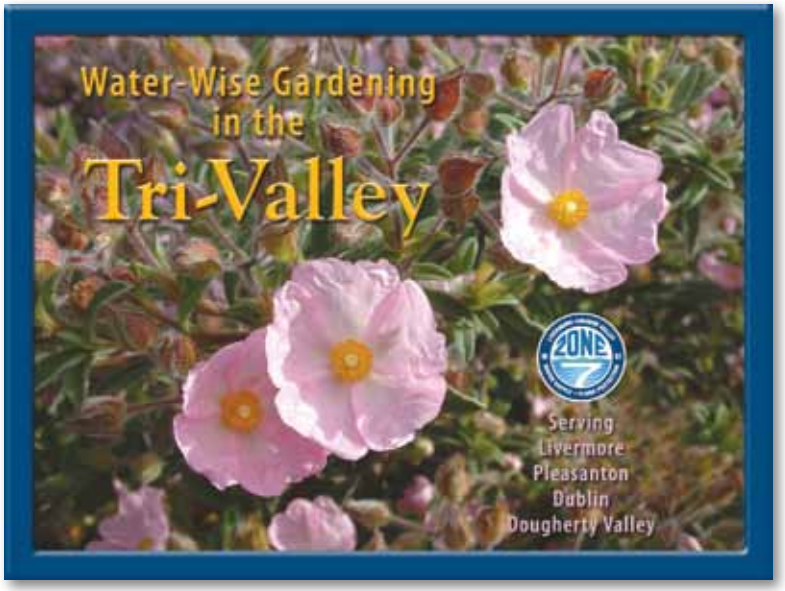
- Expanded home-and-garden water conservation messages at public events. This included conducting "how-to" demonstrations and publicly distributing simple tools that can reduce water waste, such as sprinkler-head adjustment keys to prevent over-spraying, and dye tablets to detect toilet leaks.

- 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.



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.

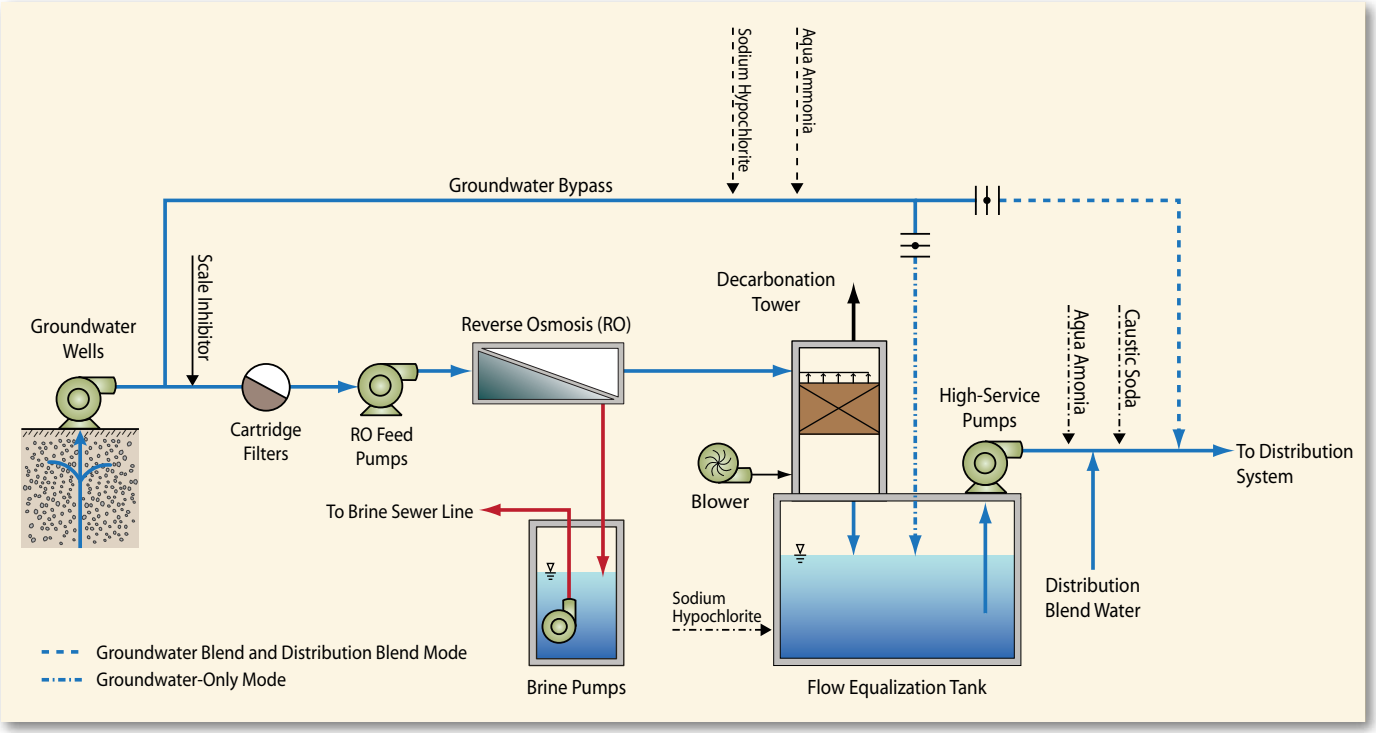
Patterson Pass Water Treatment Plant

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 ½-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).

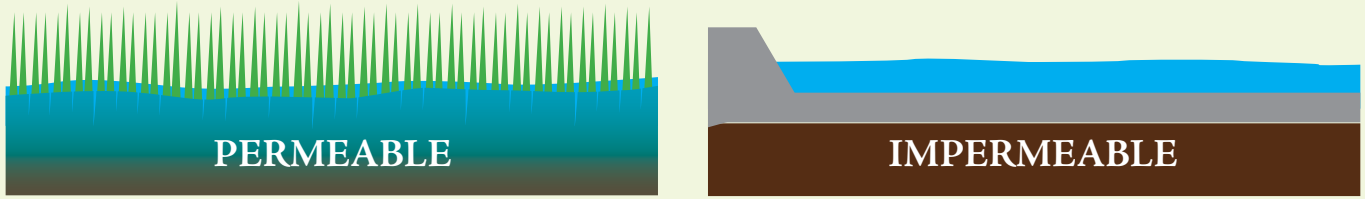
For the flood-protection portion of the SMMP, the development impact fee apportions to new development – not to existing residents and businesses – the share of costs of those improvements needed specifically to manage the additional storm-water runoff generated by new development so that development 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 ecoysystem.

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.

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.

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:

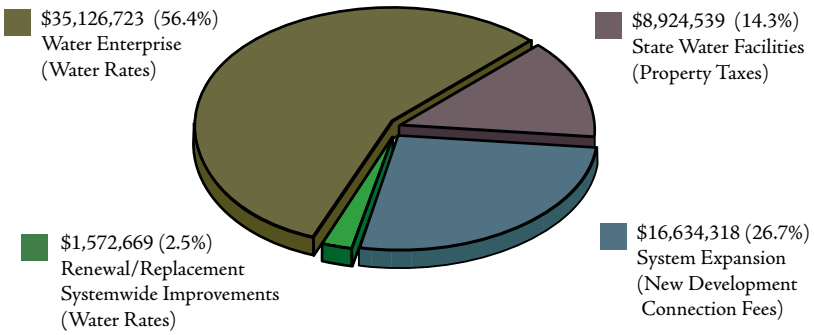
- Through greater efficiency, significantly increased the number of "Water Science in the Schools" presentations in its service area, at no cost to participating schools. All presentations, including those addressing such things as groundwater education and water pollution prevention, include a water 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

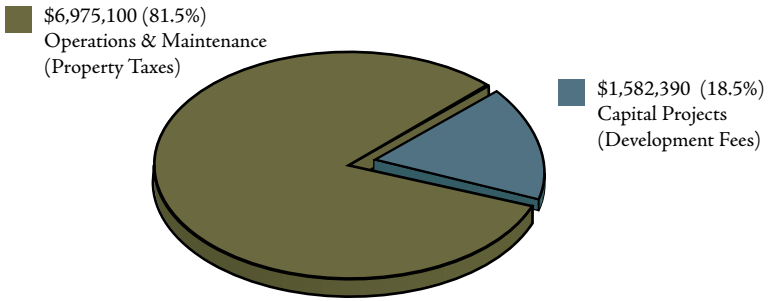
Budget FY 2009-10

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



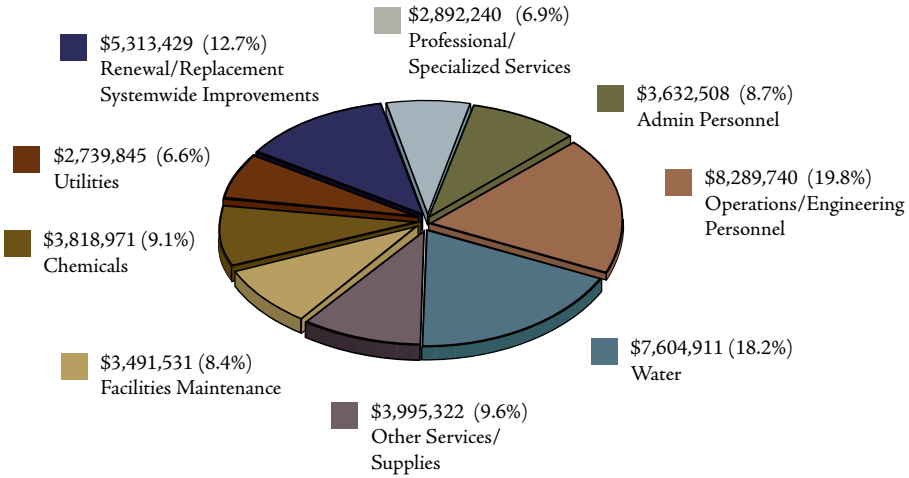
Water rates pay to operate, renew, replace, maintain and improve the existing treated water system. Development fees pay for system expansion.

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

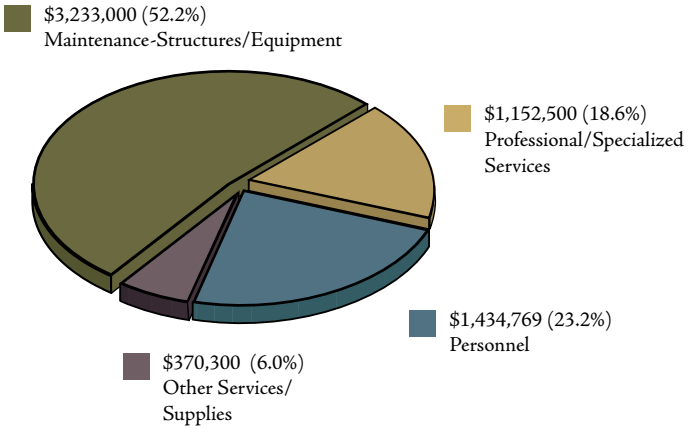


Property taxes support maintenance of the existing flood-protection system. Development fees pay for expansion.

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

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

*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

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