



ZONE 7 WATER AGENCY

ANNUAL REPORT

TO THE TRI VALLEY | FISCAL YEAR
2019-2020

Values

TRANSPARENCY

We operate in an open and transparent fashion.

CUSTOMER SERVICE

We are prompt, respectful and courteous in all of our interactions.

COLLABORATION

We embrace collaboration to enhance our services.

ENVIRONMENTAL SENSITIVITY

We deliver our services in an environmentally-sensitive manner.

FISCAL RESPONSIBILITY

We operate in a productive, cost effective, and efficient manner.

INNOVATION

We encourage innovation, creativity, and ingenuity.

INTEGRITY

We maintain the highest ethical standards and open, honest communications.

LEADERSHIP

We maintain a diverse team of highly skilled professionals devoted to honest and accountable stewardship of our resources.

PROACTIVITY

We proactively address issues and embrace continuous improvement.

SAFETY

We are committed to public and employee safety.

Organization-Wide Goals

A | RELIABLE WATER SUPPLY AND INFRASTRUCTURE

Provide customers with reliable water supply and infrastructure.

B | SAFE WATER

Provide customers with safe water.

C | GROUNDWATER MANAGEMENT

Manage and protect the groundwater basin as the State designated Groundwater Sustainability Agency.

D | EFFECTIVE FLOOD PROTECTION

Provide an effective system of flood protection.

E | EFFECTIVE OPERATIONS

Provide the Agency with effective leadership, administration, and governance.

F | STAKEHOLDER ENGAGEMENT

Engage our stakeholders to foster understanding of their needs, the Agency, and its functions.

G | FISCAL RESPONSIBILITY

Operate the Agency in a fiscally-responsible manner.

STATEMENTS



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A New Path Forward: Aligning our mission, vision, values and goals

The Zone 7 Board of Directors hosted a series of workshops to develop a new 2020 Strategic Plan for the organization. In that process, we have refined our mission, vision and values and developed a series of overarching goals which will guide our work at every level.

OUR MISSION:

WE DELIVER

SAFE, RELIABLE,

EFFICIENT & SUSTAINABLE

WATER AND FLOOD

PROTECTION SERVICES.



Board of Directors

A MESSAGE FROM THE PRESIDENT

Before diving into the overview of our annual report, I must mention that this year's annual report is a bit different in that it covers Zone 7's fiscal year (July 2019-June 2020), as opposed to the calendar year. Of course, nothing about the year 2020 was typical, so in addition to this adjustment to our annual report structure, I want to extend a note of hope that you are staying healthy and connected during the COVID-19 pandemic. While no one could have predicted the seemingly endless ramifications and loss brought on by the Coronavirus, we at Zone 7 are proud of our team's ability to maintain day-to-day operations while complying with public health standards. At a time when nothing seemed certain, we wanted you to know with absolute certainty that your water's safety and reliability was not something about which you needed to worry. From virtual board meetings to adjusted staff schedules, we were able to safely maintain continuity of service and protect our staff, many of whom still needed to be out in the field to ensure our Zone 7 standards of water quality were met.

Along with our daily responsibility of providing you with safe water services, we were also able to keep our major construction projects on schedule given that they were deemed essential under California's health order. This allowed us to keep our Del Valle Water

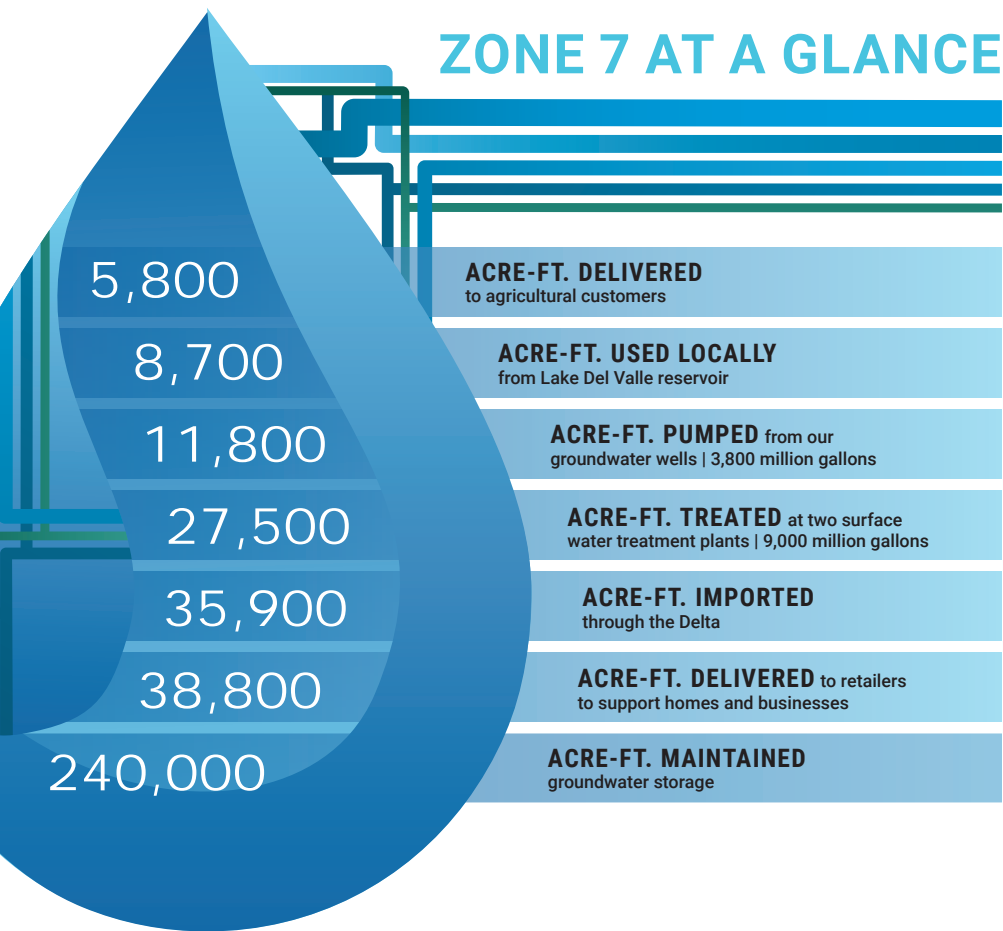
Treatment Plant upgrade, Patterson Pass Water Treatment Plant upgrades, and other capital improvement projects progressing forward, which are critical elements in our plan to provide our community with high-quality, safe water and evolve our technologies to best service all of our customers long into the future.

This planning is one of the biggest challenges we as a board face, and in collaboration with staff, we continue to reevaluate and innovate - always balancing our customers with our environmental stewardship obligations. As purveyors of our most precious natural resource, we believe that we must be respectful and thoughtful in how we source and deliver water services to you. The quality of water delivered to your home is just as important to us as how it gets there and the impacts of its delivery.

As we look toward the future, I hope that you feel reassured in the dedication of your Zone 7 team, and while an exceptional year, we kept momentum going on our projects in 2020 to make certain that we are proactive and prepared for what lies ahead in our community.

Warm wishes,
Sandy Figuers, President FY 2019-2020
Zone 7 Board of Directors

ZONE 7 AT A GLANCE



We work for you.

PROVIDING RELIABILITY IN UNCERTAIN TIMES

2019 and 2020 put our staff and operations to the test and these dedicated public servants responded in stride. Not only were we faced with the threat of wildfires and public safety power shut-off events, but we also had to swiftly adapt to providing services in the midst of the COVID-19 pandemic and ever-changing stay at home orders.

OUR STAFF as well as our consultants and contractors pivoted nearly overnight to maintain our services and operations remotely, so that we could limit potential exposure

to the essential workers on our staff who could not perform their work remotely so that our customers could continue to rely on safe water coming from their taps.

OUR MANAGEMENT adjusted scheduling to minimize exposure to those that continued field and plant work, and our staff complied and continued to serve our customers as they always have.

OUR REMOTE STAFF also didn't skip a beat and quickly learned how to continue the essential planning, communications and administrative work virtually; efficiently mastering the use of virtual meetings and project management tools.

WE QUICKLY PIVOTED to make our Board meetings open to the public via Zoom, providing several ways for the public to provide comments and participate virtually in our Board meetings to stay informed and engaged.



Water Quality

11,954 Water tests in 2019
11,203 Tests by Zone 7 Water Quality Lab
751 tests by outside labs

13 Different contaminants tested
28 Different analytical methods
5 Lab staff

THE ZONE 7 STANDARD

Zone 7 continued to provide high-quality treated drinking water to over a quarter million residents and businesses, in partnership with our retailers. Our water not only met, but often performed better than state and federal health standards to meet our own more stringent internal water quality targets.

In the 2019-2020 fiscal year, we met major milestones in improving our infrastructure in order to maintain our commitment of not only meeting, but performing better than regulatory compliance requirements to provide an additional margin of safety and address local concerns for taste, odor, and water hardness with new state-of-the-art facilities for ozonation. Ozone

treatment is the technology of choice for disinfecting water, reducing chlorine-related byproducts, and killing even more pathogens than chlorine making our water cleaner, safer and better tasting – straight from the tap.

SIGNIFICANT ACHIEVEMENTS IN WATER QUALITY

- Construction of ozone process facility at Del Valle Water Treatment Plant
- Groundbreaking of ozone addition and plant upgrades at Patterson Pass Water Treatment Facility
- Received an American Water Works Association President's Award for Water Quality



ZONE IN ON WHAT YOU CAN DO

Source water protection for surface water is everyone's responsibility! You can help protect our surface water by disposing of trash properly and reporting spills, ensuring our waterways stay clean and free of pollutants.



Filters at Del Valle Water Treatment Plant

Understanding PFAS



Mocho Groundwater Demineralization Plant

HOW ZONE 7 IS KEEPING YOUR WATER SAFE

Per and Polyfluoroalkyl substances, and more specifically Perfluorooctanoic acid (PFOA) and perfluorooctane sulfonate (PFOS) are chemicals that are prevalent in the environment and were once commonly used in many consumer products. These chemicals are considered “contaminants of emerging concern” as they are being detected in ground and surface water throughout the environment. However, because their use is so ubiquitous, there are multiple paths to human exposure in our everyday lives, not just water. PFAS may be found in food wrappers, carpet, rain jackets, or building materials used in the construction of your home. In short, PFAS are everywhere.

At Zone 7 we have highly trained water quality staff that work hard to stay ahead of the curve

in monitoring for contaminants of emerging concern. Our lab staff have been voluntarily and proactively monitoring PFAS in a selection of our wells since 2013, long before testing was required. In 2018, we expanded our testing to all 10 wells and conduct investigatory monitoring at our monitoring sites throughout the groundwater basin to better understand the extent to which they are found in the basin and how they may affect our production wells now and into the future.

Fortunately, there have been no detections of PFOA or PFOS in our imported surface water supplies, which make up 70% of the Tri-Valley region’s water. In addition, two of our ten groundwater wells have not had any detections of PFOA or PFOS either. However, eight groundwater wells have had some detection levels and for those wells we are complying with the response levels set forth by the State Water Resources Control Board (State Water Board).

PROACTIVE MONITORING AND REGULATORY COMPLIANCE

In February of 2020, the State Water Board lowered thresholds, or response levels. For PFOA the response level is now set at 10 parts per trillion (ppt), and PFOS response level is now set at 40 ppt. Before February 2020, the response level

was a combined 70 ppt for PFOA and PFOS.

All of the wells are below the new response level of 10 ppt for PFOA. Zone 7 has two wells (Mocho 1 and Mocho 2) that require treatment for the new lower response level of 40 ppt for PFOS, but rest assured that all water is below the response levels before being delivered to our customers.

Water from the affected wells, Mocho 1 and Mocho 2 is either:

- Treated by reverse osmosis at our Mocho Groundwater Demineralization Plant and/or
- Blended with production from other wells to levels below the new response level.

The safety of our community’s water supply is our number one priority and our community can be assured that all water delivered to our customers is below Response Levels.



Water Reliability

DELIVERING A LONG-TERM SUPPLY FOR TRI VALLEY

Over the past year, Zone 7 continued to address challenges in keeping a reliable water supply available for the Tri Valley. From planning for climate change, to fluctuations in our State Water Project allocations, to responding to environmental regulations concerning wildlife in the Delta, keeping our water flowing both short-term and long-term is a dynamic process that requires a team of dedicated professionals.

WATER RELIABILITY HIGHLIGHTS

Work continued in defining and pursuing higher levels of long-term water reliability. The droughts of recent years have demonstrated to all utilities that adequate dry year storage supplies are the difference between manageable cutbacks for residents/customers and cutbacks that affect the local landscape and economy. Zone 7 Water Agency explores opportunities to participate in a variety of potential regional water supply and storage projects such as storage in reservoirs, and groundwater, potable reuse, brackish desalination, and the Delta Conveyance Project. Staff continues tracking these projects in order to determine the best portfolio of water supply options for

our community. Specifically, the Board took action to better investigate two projects of interest by organizing informational tours:

Los Vaqueros Reservoir Expansion Project: Zone 7 and Contra Costa Water District held a joint board meeting in 2019, a key step in the continued strategic advancement of this important water reliability project that would provide additional storage. The South Bay Aqueduct allows access to State Water Project water when pumping restrictions in the Delta are in place, adding much needed operational flexibility. Los Vaqueros is an off-stream reservoir operated by Contra Costa Water District that currently has 160,000 acre-feet of storage capacity. The proposed project being pursued by Zone 7 and twelve other partners, would increase capacity to 275,000 acre-feet, increase municipal, agricultural, and industrial water supply, and improve drinking water quality.

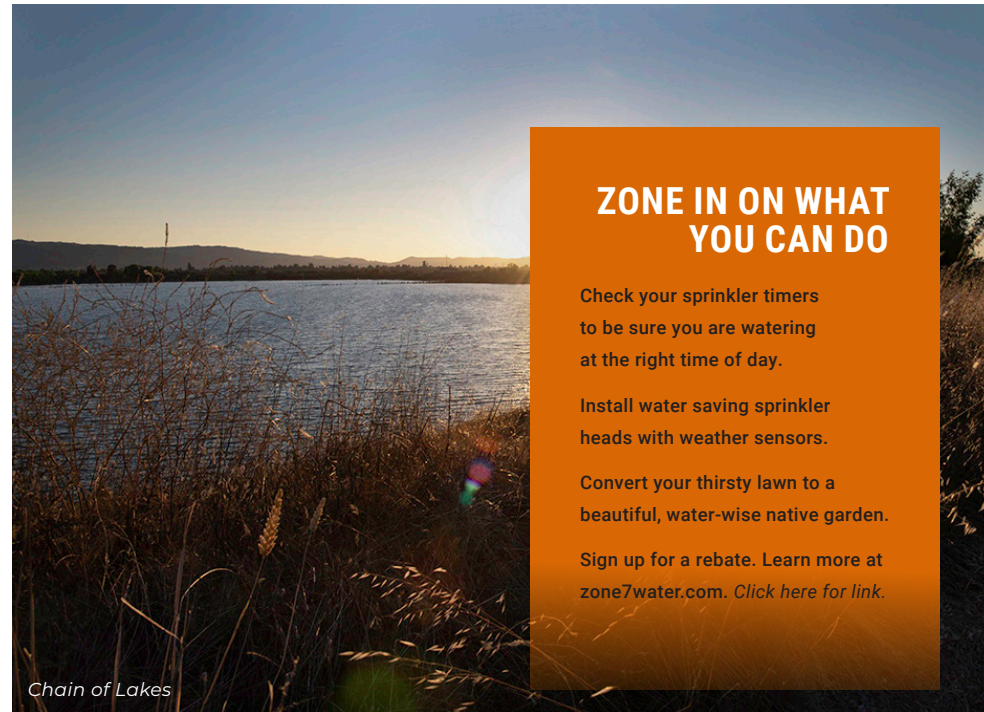
Sites Reservoir Tour: Zone 7 Board of Directors also held a special offsite board meeting at the project headquarters in Maxwell to tour the potential Sites Reservoir project. The project offers a unique opportunity to construct multi-benefit water storage infrastructure that will help achieve local, state, and federal goals for water supply reliability, the environment, the economy, and flood protection. The 1.5 million acre-foot off-river reservoir will capture and store stormwater and excess flood flows from the Sacramento River. Water stored in Sites Reservoir will then be available for use during drier years.



Clarifier at Patterson Pass Water Treatment Plant



Reverse Osmosis at Mocho Groundwater Demineralization Plant



Chain of Lakes

ZONE IN ON WHAT YOU CAN DO

Check your sprinkler timers to be sure you are watering at the right time of day.

Install water saving sprinkler heads with weather sensors.

Convert your thirsty lawn to a beautiful, water-wise native garden.

Sign up for a rebate. Learn more at zone7water.com. *Click here for link.*



Arroyo Mocho



Patterson Pass Water Treatment Plant

ZONE 7 WATER SUPPLY



Got water?

How Water Gets to Zone 7

60 YEARS OF THE STATE WATER PROJECT

Zone 7 is one of 29 state contractors across the State of California that participates in a state run partnership to manage water infrastructure that provides an annual allotment of water to each partner. Created by approval of voters in 1960 - the State Water Project is considered one of the greatest engineering achievements of the 20th Century and has made it possible for California to become the nation's number one food producer and fifth-largest economy in the world.

The annual water allotment is based on annual hydrology, environmental considerations and other factors. Each agency's water rates and various taxes support the state maintenance of those facilities that are maintained on behalf of all the participants in the project.

HOW DO WE SUSTAINABLY MANAGE OUR WATER SUPPLY?

We strategically manage both the short-term and long-term water supply to make sure residents have water when they need it in the midst of California's predictably unpredictable climate.

ZONE IN ON HOW IT WORKS

Forecasting: The process begins with annual and ongoing forecasting. In partnership with the Department of Water Resources (DWR)'s State Water Project, climatologists make scientific predictions about what kind of weather year we will have. We then look at how this will impact Zone 7 and the Tri Valley's water resources.

Groundwater Recharge: In rainy years, local streams and surrounding habitats receive natural moisture that refills our groundwater basin. However, dry years require Zone 7 to review weather conditions and water allocations from the State Water Project (Zone 7's share of what is called Table A Water) to determine if this may be a year where we have the opportunity to recharge the basin.

Banking and Carryover: We use part of our stored water from San Luis Reservoir, our most readily available source, to supplement our local water supply annually. This water is called "Carryover". Additionally, each year, we must decide if, and how much, we must use from our stored accounts in the Kern County banking programs to augment the State Water Project Table A allocation and natural supplies.

Conservation: In particularly dry years, we have called on our community to conserve - and the Tri Valley has answered that call. In fact, we have done a great job of changing our water-wasting habits and those savings have continued in non-drought years. Now is the time for us to prepare for the next level of conservation. Outdoor water savings offer our best opportunities for managing this precious resource.



South Bay Aqueduct



South Bay Aqueduct at Patterson Reservoir

Sustainably Managing our Groundwater Basin

PROACTIVE PLANNING PAYS OFF

Zone 7 proactively manages our groundwater basin to ensure this valuable resource remains a sustainable source of water for future generations of the Tri Valley. As the designated agency for managing the groundwater basin (called a Groundwater Sustainability Agency or GSA), the state requires a Groundwater Sustainability Plan (GSP); however, because the Agency has

been monitoring the basin since 1974 and managing groundwater since the early 1960s, staff was able to submit an Alternative GSP, one of only nine that was accepted by the Department of Water Resources across the state, marking a big win for the Agency and a testament to proactive and sustainable groundwater management that is central to the Agency's mission and history.

Our Alternative GSP received a half million dollar grant to help us update the plan, and specifically, expand our knowledge of the fringe

and upland basins - the unincorporated areas, hills; and recharge areas on the outlying areas of the basin and how they relate to the main basin. This planned update is an important part of our groundwater management process and applying for state grants is an example of our strategies to leverage available resources for responsible fiscal management.

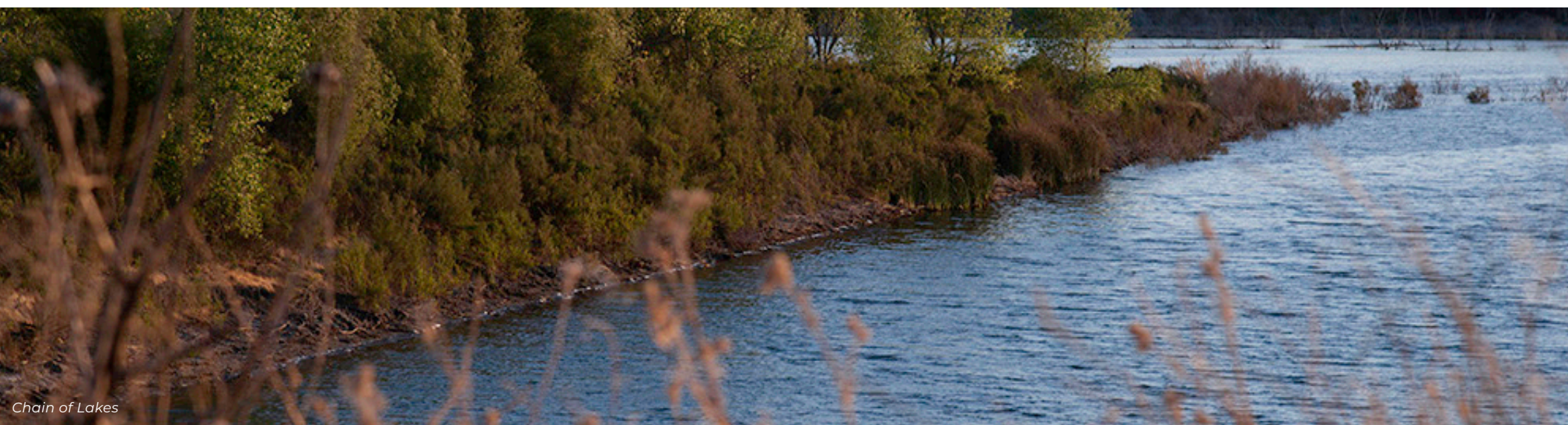
SIGNIFICANT ACHIEVEMENTS IN GROUNDWATER

- Received state approval of Alternative Groundwater Sustainability Plan
- Grant Funding of \$500,000 for plan update
- Continued implementation of Salt and Nutrient Management Plan

GROUNDWATER PROTECTION HIGHLIGHTS

Vigilant monitoring through toxic site surveillance: This program coordinates with other County and State agencies to monitor information on ongoing and historic contamination sites such as manufacturing sites, petroleum storage, and solvents to ensure groundwater contamination is cleaned up by the responsible parties.

Community support through well owner voluntary monitoring program: Zone 7 utilizes staff to support our network of well owners across the basin by sending staff to look at general minerals and metals, testing for them, sending samples to our lab, providing them with results, and providing assistance with reading the lab results.



Flood Protection

PREPARING FOR RAINY DAYS

The Zone 7 flood protection system is made up of 37 miles of both naturally occurring and carefully engineered flood channels. These arroyos, streams, rivers and channels help keep our community safe during the rainy season by moving water away from our homes and businesses. Zone 7 maintains our flood channels through a carefully planned system that includes everything from major capital engineering projects to simple vegetation and wildlife support - all of which work together to protect our community.

RECOVERING FROM 2017 STORM SEASON

Zone 7 made significant progress toward repairing the flood protection sites damaged in the record-breaking 2017 storm season. Those storms brought significant rainfall and localized flooding throughout the Tri Valley, resulting in local, state, and federal emergency declarations. Zone 7's flood protection system experienced damage to channel banks, concrete structures, and maintenance roads, some of which threatened utility lines and infrastructure.

Zone 7 made significant progress in the summer of 2019 repairing 48 of the over 200 damaged sites. In addition to Zone 7's annual routine maintenance work, repairs were performed by the U.S. Army Corps of Engineers (USACE) under the Public Law 84-99 Rehabilitation Assistance program and by a Zone 7-hired contractor. Repair sites included Arroyo de la Laguna, Arroyo Valle, Alamo Canal, Arroyo Mocho, South

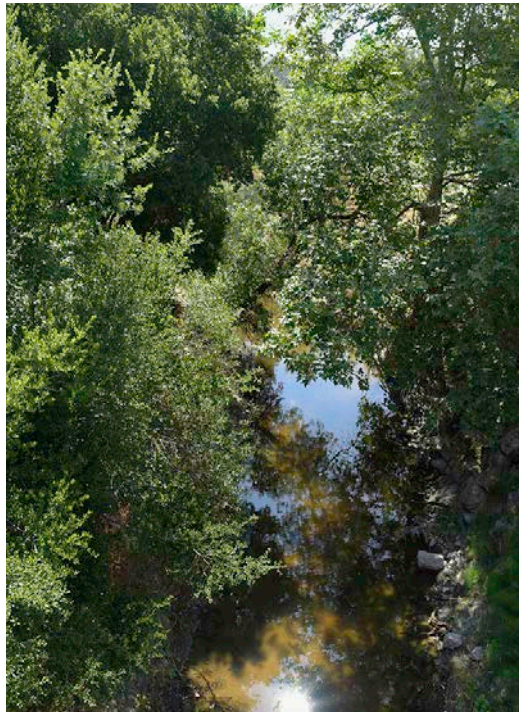
San Ramon Creek, and Tassajara Creek.

SIGNIFICANT ACHIEVEMENTS IN FLOOD PROTECTION PROGRAM:

- As a part of the Routine Maintenance Program (RMP) for flood protection facilities, staff continued pursuing programmatic permits from California Department of Fish and Wildlife, Regional Water Quality Control Board, and the United States Army Corps of Engineers.
- Staff prioritized district wide bank repairs according to level of risk presented by each site and continued to plan for an additional 18 repairs in 2021. Eleven bank damages planned for repair are from 2017. Flood protection staff regularly monitor the sites pending repair for any changes in condition.
- Goat grazing was researched and selected as a viable alternative vegetation management method. The project scope is from the 2019 - 2020 and 2024 - 2025 fiscal years.
- Staff continued design of the Arroyo Mocho Stanley Reach Bank Stabilization Project and preparation for submission for environmental regulatory permits to repair damages from 2017.
- Staff worked with Alameda County Public Works Agency to identify areas to acquire more accurate elevation data as part of the USGS 3D Elevation Program. Zone 7 will be applying for a grant from the USGS in the Fall of 2020 to acquire high definition LiDAR of the Upper Alameda Creek Watershed. The intent of the grant is to obtain high definition LiDAR coverage over Zone 7's service area, which will enable us to gather important topography information of our channels, something that was not available with other services previously. This will refine the hydraulic model and facilitate the flood capital improvement program (CIP).



Retaining Wall



210,720

linear feet of open channel mowed

NEW & IMPROVED INTERACTIVE TRAIL MAINTENANCE MAP

Zone 7 works hard to maintain the integrity of your flood protection system to keep the area safe from flooding. Due to both environmental regulations and weather conditions, the Agency is limited to performing construction

projects during the warm, dry season. Doing this important work safely means occasional impacts to trails are necessary.

In order to minimize the impact of trail closures and detours on our community, staff updated and improved the interactive trail maintenance map so residents can now view, in real-time, the season's planned, active and completed construction projects on the interactive map.

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ZONE IN ON WHAT YOU CAN DO

Are you flood ready? Get year round tips for preparing your emergency kit, evacuation plan, and more at www.zone7.com/floodready.

[Click here for link.](#)

11,570

feet of access road repair

2,700 2,500

feet of closed-circuit television (CCTV) inspection

feet of concrete channel closely inspected and patched as needed

7,100

feet of asphalt access road closely inspected and sealed as needed

551
horizontal drains installed
drainage inlets replaced or repaired
new drainage inlet installed

The Tri Valley Watershed

MAINTAINING A DELICATE ECOSYSTEM

Zone 7's work in the area of environmental stewardship comes in many forms — aimed at protecting not only our local drinking-water supplies and flood-protection channels, but also the overall environment and quality of life.

Our local watershed: Zone 7 helps protect our watershed, through management strategies, public education, community clean-up events, partnerships and other means in order to reduce stormwater and other pollution in creeks.

Living Arroyos: Living Arroyos is a unique volunteer opportunity that gives participants hands-on experience restoring creek banks with native vegetation while learning about local ecology. The program employs college students and young professionals as well, providing field learning for stream management techniques.

Zone 7 partnered with the City of Livermore, the City of Pleasanton and the Livermore Area Recreation and Park District again this year to continue these important watershed stewardship activities and adjust to socially distanced activities in the wake of new public health guidelines. This strategic partnership provides many community benefits including cost sharing, leveraging unique resources, aligning the community vision of the watershed, and achieving long-term management goals.

9,157

gallons of trash removed

350 community volunteers involved
1,386 volunteer hours spent planting trees, seeding grass, weeding, collecting trash and mulching
6,938 trees planted
2,396 live plant stakes installed

ZONE IN ON WHAT YOU CAN DO

Become a Living Arroyos volunteer!
Visit livingarroyos.org or follow them on Facebook and Twitter @livingarroyos to find out when the next volunteer opportunity is in your neighborhood.

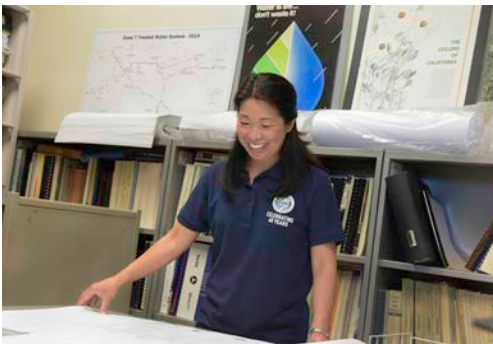
34,315 gallons of trash removed last program year, a record amount!
54,437 gallons of weeds removed

* All numbers are since Living Arroyos program inception.



ZONE IN ON WHAT YOU CAN DO

Attend our Board meetings to learn about our projects, provide input on the decision making process and see how we carefully manage public funds to provide vital services. Visit zone7water.com for meeting schedules and agendas.



The Essentials

WORKING TO KEEP WATER SAFE DURING COVID-19

In a year that unexpectedly brought us a new appreciation for handwashing, a powerhouse team averaging 90 employees over the past year made sure Tri Valley never had to worry about having running water available for all those extra handwashing sessions. Our Zone 7 staff worked hard throughout the pandemic to keep your water safe and flowing, 24/7.

SIGNIFICANT ACHIEVEMENTS BY STAFF

Received the prestigious Partnership for Safe Water 20 Year Director's Award which is administered by the American Water Works Association (AWWA). The Partnership for Safe Water's (PSW) award-winning utilities demonstrate an outstanding commitment to delivering superior quality drinking water to customers. Utilities that subscribe to the PSW are dedicated to providing high-quality water to customers, even beyond regulatory requirements.

Every year Zone 7 submits a report to the Partnership for Safe Water that includes water quality data for that production year. In order to meet the Partnership Goals for Safe Water, water turbidity at the Del Valle Water Treatment Plant (DVWTP) must be better than National Standards. Additionally, longevity awards are based on Partnership staff review of annual turbidity data, and narrative report submissions to verify progress made towards optimization. The finished water turbidity goals were met even during the drought when raw water quality was at its poorest. This achievement exemplifies Zone 7's ongoing commitment to providing a reliable supply of high-quality water to the Livermore-Amador Valley, and the Agency is extremely proud to have achieved this high honor.

Employer Support of the Guard and Reserve (ESGR) presented Zone 7 with its prestigious "Above and Beyond Award". ESGR, a Department of Defense program, promotes cooperation and understanding between military reserve service members and their civilian employers. This award is presented to a limited number of employers who demonstrate their commitment to their Reserve employees by providing support above and beyond what is legally required, have at least one of their supervisors/managers recognized with a Patriot Award, and who have signed or agree to sign a statement of support (SoS). Zone 7 is one of only 40 employers in the state of California receiving the high honor this year.

It takes a village.



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BOARD OF DIRECTORS & OFFICE OF THE GENERAL MANAGER

Zone 7 administration guides our long-term strategy and helps lead our organization with the help of legal counsel, public outreach and administrative support.

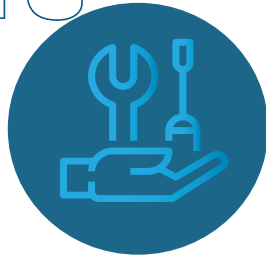
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PRODUCTION

Water operators work in shifts to ensure 24 hour coverage at our two water treatment plants.

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Maintenance workers range from mechanics to electricians to safety techs who keep all equipment running smoothly and the flood protection system safely maintained..

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ENGINEERING

A team of flood control, water supply and water quality engineers ensure our infrastructure now and in the future is top-notch.

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INTEGRATED WATER RESOURCES

A team of engineers, geologists and planners strategically and sustainably manage our water supply system.

15



FINANCE

This department responsibly manages our financial and human resources to ensure a strong future for Zone 7.

Infrastructure

INVESTING IN A STRONG & SUSTAINABLE SYSTEM

Our water distribution network relies on both long-term capital investment projects and routine maintenance, upkeep, and prevention work to keep water flowing. As part of our commitment to high-quality water, Zone 7 Capital Improvement Program includes major investment in ozone treatment at both of our surface water treatment plants because it is the best alternative to chlorine.

Del Valle Water Treatment Plant Ozonation Project: Zone 7 completed the vast majority of the Del Valle Water Treatment Plant (DVWTP) ozonation project in 2019-2020, moving the project into its final testing phase. The plant was upgraded and expanded to add raw water ozonation to its existing treatment process. The ozonation project brings best-in-class technology for disinfection to our water treatment, and represents a capital investment of \$49 million, majority of it funded by bonds.

Patterson Pass Water Treatment Plant Upgrades: Zone 7 continued construction of ozonation treatment facilities to improve quality, taste and odor at the aging Patterson Pass Water Treatment Plant (PPWTP) this year. The project will also increase and stabilize the treatment plant's production capacity from 12 to 24 million gallons per day, as well as add clearwell storage, new filters, renewal replacement and rehabilitation of aging components of the plant. Decades in the planning, this project highlights the agency's efforts in long-term planning, fiscal responsibility, and commitment to water quality and public health.

SIGNIFICANT CAPITAL IMPROVEMENT PROJECTS Each year, Zone 7 undertakes many routine capital improvement projects to keep its water treatment and delivery systems running optimally. Some important projects completed this year that will keep our infrastructure operating smoothly for years to come include:

Mocho Groundwater Demineralization Plant Concentrate Pipeline Batch Cleaning: This rehabilitation project restored an approximately one mile section of pipeline to 95% of its original capacity by circulating a cleaning solution to achieve the desired scale removal results.

Dougherty Reservoir Rehabilitation and Recoating: This preventative maintenance project re-coated and repaired a four million gallon steel water tank co-owned with Dublin-San Ramon Services District. The maintenance project also replaced the cathodic protection system to fight corrosion, providing the tank with another 25 years of operation.

Cal Water Turnout #5 (CW5) Upgrade: This upgrade project replaced the turnout equipment and piping, upgraded to better-reading magnetic meters, added a valve for better operations, and expanded the vault to house the turnout features. The project added an estimated 40 or more years to the life of the turnout.

Chain of Lakes 1 (COL 1) Facility Stabilization Project: This construction project was completed to stabilize the building foundation and floor slab of the wellhouse located at the Chain of Lakes. Long-term instability in the ground was expected to result in up to a foot of settlement and lateral movement, which could impact well production and electrical equipment. To protect our infrastructure, piers and micropiles were installed to protect against lateral movement and provide support, respectively.

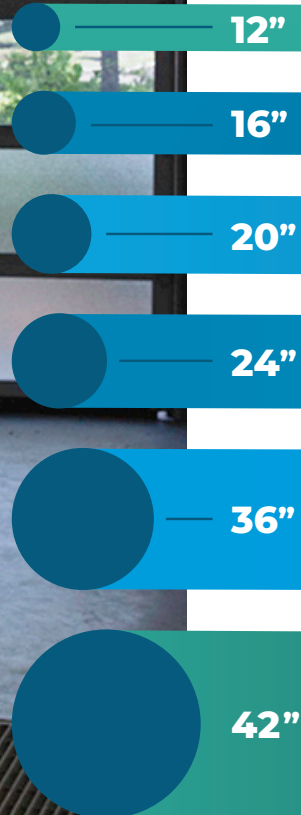


Del Valle Water Treatment Plant Ozone Facilities



Nice pipes.

18 |



43
miles
MAINTAINED

Financial Update

FISCAL YEAR 2020 WRAP UP

Zone 7's overall financial outlook remains positive with net increases in assets due to major investments in infrastructure. Additionally, our financial team continues to win awards for outstanding work in transparency and reporting, maintaining the highest commitment to responsible fiscal management.

SIGNIFICANT ACHIEVEMENTS IN RESPONSIBLE FISCAL MANAGEMENT

Zone 7 earned a Government Finance Officers Association (GFOA) Certificate of Achievement in Excellence for Financial Reporting.

Fitch Ratings upgraded Zone 7's bond rating from AA to AA+

Through careful and responsible financial planning, Zone 7 was able to postpone planned water rate, or fee increase for CY 2021.

For FY 2020, the Agency's auditor expressed unmodified opinion that the Agency's financial statements are fairly stated in conformity with accounting principles generally accepted in the United States.

FY 2020 FINANCIAL HIGHLIGHTS

The Agency's net position increased by \$33.6 million or 6.7% from \$502.4 million to \$536 million.

Total revenues decreased by \$3.3 million or 2.5% from \$133.1 million to \$129.8 million mainly due to a decrease in charges for services of \$5.1 million as a result of slower construction and development activities in the service area due to COVID-19 and shelter-in-place orders. The decrease in development activities was offset by an increase in water sales due to increased residential water demand.

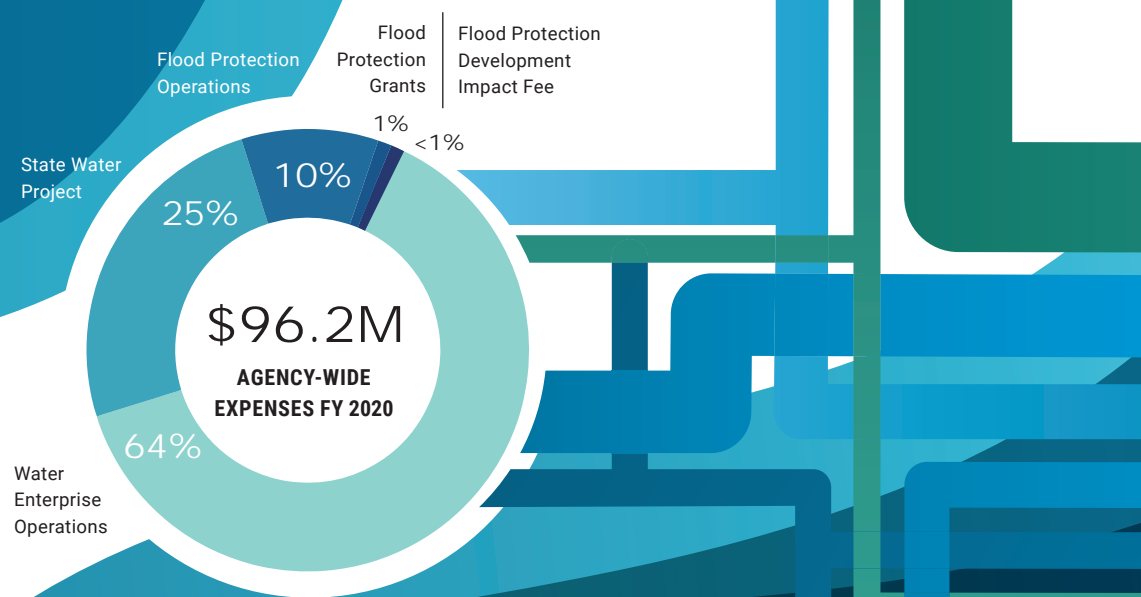
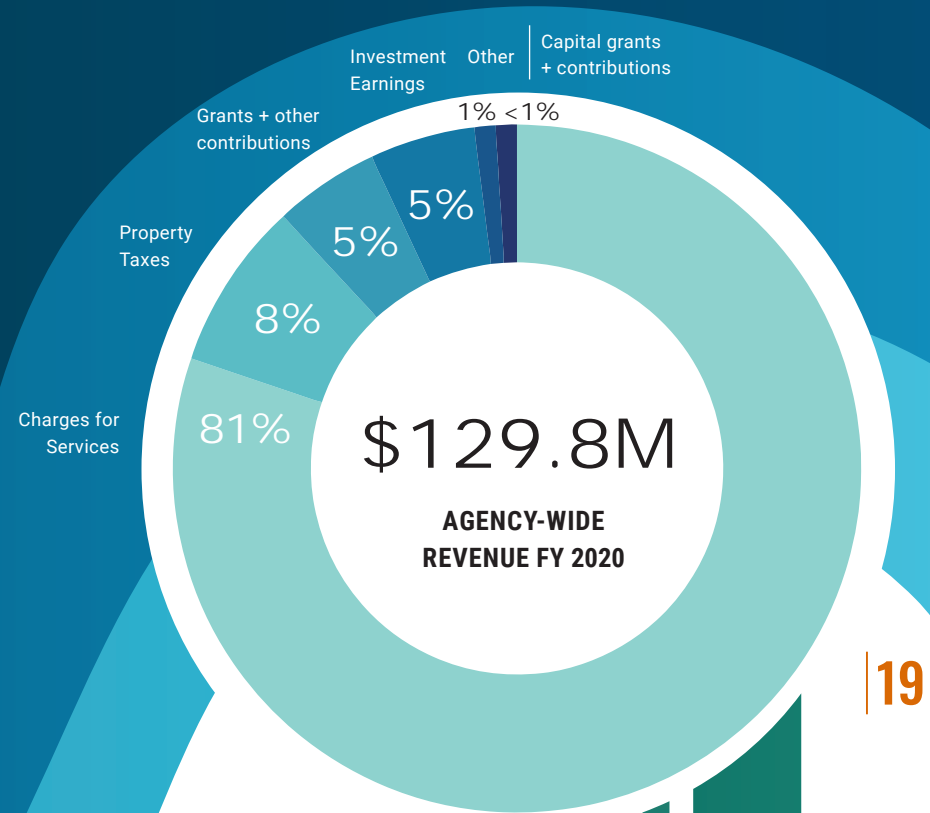
Total expenses increased slightly by \$0.4 million or 0.4% from \$95.8 to \$96.2 million mainly due to an increase of \$2.9 million for the State Water Project pass-through payments to California State Department of Water Resources (DWR). The increase was offset by a \$1.9 million decrease in Water Enterprise Capital Expansion projects and \$0.8 million in Flood Protection projects during the fiscal year.

The Agency's capital assets increased by \$41.6 million or 16.1% from \$258.4 million to \$300.0 million mainly due to construction in progress at the Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone and upgrade projects.

ZONE IN ON WHAT YOU CAN DO

Save some water, save some bucks!

Did you know leaks are the number one water waster in the area? Fixing a leak in your home could help reduce your water bill.



Conservation



High Efficiency Washer Rebates

266 384

Commercial, Industrial & Institutional Weather-Based Irrigation Controllers installed

130,000 square feet of Water Efficient Lawn Conversion

832

Single Family Weather-Based Irrigation Controllers installed



ZONE IN ON WHAT YOU CAN DO

Make Your Lawn Spark Joy! Does your lawn spark joy or is it just a wasted space that consumes a lot of water and eats up your weekend with weeding, fertilizing, mowing and edging chores? Maybe it's time to rethink your lawn! Zone 7's Water Efficient Lawn Conversion Rebate is just the tool to do it! This program can help you save water and wow your neighbors at the same time. Get ready to be the talk of the block.

BECAUSE EVERY DROP COUNTS

Zone 7 offers multiple rebate programs (click here for link) to keep conservation top of mind for the Tri Valley community for high-efficiency washers, weather-based irrigation controllers and water-conserving landscaping support. In addition, the agency offers tips for conserving year-round in and outside of homes.

SIGNIFICANT ACHIEVEMENTS IN WATER CONSERVATION

- Bringing Back the Natives Garden Tour, May 4, 2019
- 35 participants at Dublin's Lawn Conversion Party in May 2019
- 41 attendees for Pleasanton's East Bay California Native Plants Workshop in June 2019
- 70 sign-ups for Dublin San Ramon Services District's Water-Wise Gardening Workshop in July 2019

WHAT'S A LAWN CONVERSION PARTY?

Guests had a great time working together with the sponsorship team to layer cardboard, compost and mulch, then installed drip irrigation, and dug holes through the layers to install plants into the landscape. The layers of sheet mulch would break down to provide a multitude of benefits, creating habitats for beneficial organisms and insects (think worms and their microscopic friends!) and build overall soil health making for happy plants that will need much less water than a thirsty lawn. A good time was had by all!

359,000,000+ Total gallons of water saved

Connecting with Tri Valley

PROACTIVE OUTREACH AND TRANSPARENCY

Zone 7 is committed to transparency and regularly posts updated information to the agency website, sends out a community newsletter each month, and hosts public events and online webinars. In the past year, the agency updated the strategic communications plan to align with the new agency-wide strategic plan to comprehensively address outreach needs.

The team redesigned the The Latest from Zone 7 newsletter to make the information more readily accessible to the public and began a special announcement eblast for handy reminders on special meetings and topics. Additionally, Zone 7 launched a Facebook, YouTube and Next Door page on social media to engage more with the community in the interactive fashion people use most.

SIGNIFICANT ACHIEVEMENTS IN COMMUNITY ENGAGEMENT

- Updated the agency's Strategic Communications Plan for the next five years
- Redesigned the newsletter
- Launch of Facebook and Nextdoor

ZONE IN ON WHAT YOU CAN DO

Sign up for The Latest from Zone 7 for a monthly update on board decisions, events, incentives, job openings and more!

[Click here for link.](#)



Participating in Your Water's Journey

46 46 new subscribers to The Latest from Zone 7 newsletter

3006 participants

one-hour tours of Mocho Groundwater Demineralization Plant



22

STRAIGHT FROM THE SOURCE

At Zone 7's first major open house, participants got a chance to follow the journey their water takes from source to tap.

Geographically themed stations explained the various steps water takes as it makes its way from the snowy peaks of the Sierra Nevada, into Lake Oroville, down through the Delta and into the Tri-Valley. Participants got a firsthand introduction to all that Zone 7 does to supply, treat and protect our precious water supply. Residents also learned what they can do to

help protect their watershed, conserve water and prepare for floods and emergencies.

The event also featured a special "Kid Zone" with hands-on activities and games for the kids led by our School Program educators. Attendees also had the opportunity to attend workshops which included Sheet-Mulching: Converting Grass to Garden, Perfect Plants for the Valley, and Looking Back: A History of Flooding in the Livermore-Amador Valley.

The open house also featured hourly tours providing a rare peek into our award winning 6.6 million gallon per day Mocho Groundwater Demineralization Plant for an inside look at reverse osmosis in action.

Zone 7 Water Agency presents

Your water's journey STRAIGHT FROM THE SOURCE

Get ready for a day full of fun with Zone 7 Water Agency! We'll go "straight to the source" to explore what it takes to deliver and protect your precious water supply.

Open House

Date: Saturday, October 12, 2019
 Time: 9 a.m. - 3 p.m.
 Where: 5997 Parkside Drive, Pleasanton, CA

WORKSHOPS • TOURS • FOOD • GAMES • PRIZES

For more information and to RSVP, visit www.zone7water.com





Kid Zone

INSPIRING FUTURE WATER LEADERS

Our Kid Zone Schools Program is designed around the idea that teaching kids to be water-savvy today translates to water-wise adults for generations to come. Through a non-traditional school year, the program transitioned from in-classroom visits to delivering a variety of educational resources and activities to the inboxes of parents and educators.

Lessons in the program are aligned with the Next Generation Sciences Standards for K-12 content, created and taught by certified educators. Funded by Zone 7 Water Agency and supported by its Board of Directors, the program invests in youth water system education and appreciation.

- Navitha Kadali, Third Grade, Rancho Las Positas Elementary School
- Yoav Feigenbaum, Ninth Grade, Granada High School
- Hosted Fix-a-Leak Week Poster Contest for Tri Valley area third through fifth graders.
- Hosted or participated in STEAM focused events such as the Zone 7 booth at the Expanding Your Horizons event, visited by approximately 270 sixth through ninth grade girls; hosting STEAM Divas 2019 workshops on water chemistry, careers, and more with approximately 75 girls in attendance and the Hart Middle School STEAM Night.
- Hosted or participated in special events focused on water careers such as Livermore High School Apprenticeship Fair, Granada High School Career Fair, Amador High School Career Pathways Fair, the Alameda County Science & Engineering Fair.
- Launched a new Kid Zone E-Newsletter with educational resources

SIGNIFICANT ACHIEVEMENTS IN EDUCATIONAL EFFORTS

- Presented One Water Awards to three Livermore Science Odyssey winners out of 150 students.
- Gali Feigenbaum, Sixth Grade, Mendenhall Middle School

ZONE IN ON WHAT YOU CAN DO

Interested in educational resources and fun activities that help build a new generation of water champions? Visit www.zone7water.com/kidzone for plenty of options categorized by grade level.



23

511

estimated student participants

18,527

classes taught

14

standards-based lesson plans offered



Zone 7 Water Agency provides excellent water and flood protection services to the Tri Valley community. We deliver high-quality drinking water that not only meets, but often performs better than, regulatory standards. We invest in diversifying our water supply so our community can rely on us to provide the water they need.

As the Tri Valley region's water wholesaler, we work collaboratively with our water retailers in the City of Livermore, City of Pleasanton, the Dublin-San Ramon Services District, and California Water Supply to ensure the people of Eastern Alameda County have exceptional water and flood protection services. Our team works to ensure our performance moves beyond compliance to excellence because that is what it means to be in Zone 7.

ZONE 7 WATER AGENCY

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