

March 9, 2006
Fremont, California

The regular semimonthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on March 9, 2006 at the hour of 6:00 P.M. in the Directors' Room of the District Office Building, 43885 South Grimmer Boulevard, Fremont, California.

Present: Directors Lampert, Gunther, Koller, Weed, and Huang

Staff members present: General Manager Paul Piraino, Engineering Manager Robert Shaver, Finance and Administration Manager Will Ligh, Operations Manager Karl Stinson, Groundwater Resources Engineer Mike Halliwell, Project Engineer Greg Watson, Attorney Ray McDevitt, and District Secretary Gina Markou.

President Judy C. Huang presided.

Director Weed led in the Salute to the Flag.

3 - PUBLIC COMMENTS – None

4 - CONSENT CALENDAR

A motion was made by Director Lampert, seconded by Director Gunther, to add Items 5.1 through 5.6 to the Consent Calendar. The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang
NOES: None
ABSENT: None

A motion was made by Director Lampert, seconded by Director Gunther, to approve the following items on the Consent Calendar, as amended.

- 4.1 Approval of Minutes – Regular Meeting of February 23, 2006
- 4.2 Ratification of Payment of Audited Demands dated February 24, and March 3, 2006
- 5.1 Authorization of Purchase Order for a Towable Emergency Generator
- 5.2 Resolution Making Application for the Annexation of Territory to Alameda County Water District and Resolution for Exchange of Property Tax Revenues, Annexation No. 103, Vincent Wong, Tract 7114
- 5.3 Amendment to Budget Transfer Procedures
- 5.4 Authorization to Amend Purchase Order for Ferric Chloride

- 5.5 Resolution Accepting Grant Funding for Newark Desalination Facility Expansion
- 5.6 Resolution Awarding Contract for PT-4 and PT-6 Well Pumphouses

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang
NOES: None
ABSENT: None

5 - ACTION CALENDAR *(Consent Calendar Items are indicated with an asterisk)*

5.1* AUTHORIZATION OF PURCHASE ORDER FOR A TOWABLE EMERGENCY GENERATOR

The Board approved funding in the current budget for the purchase of a towable emergency generator. The District maintains a fleet of towable emergency generators for use at remote facilities, such as booster stations and the Blending Facility during prolonged power outages as part of its emergency response plan. This unit is a replacement of an obsolete generator.

Requests for quotation were sent to seven suppliers of emergency generator equipment. Three bids were submitted. The low bidder was Valley Power Systems, Inc. of San Leandro in an amount of \$88,885.73. Their bid meets all of the requirements and they have successfully supplied equipment to the District in the past. This is the final item in the vehicle budget for this budget year. Due to several items that have surpassed their line item budget, a reserve appropriation in an amount of \$47,000 (approximately 10% of the total vehicle budget) is needed to complete this purchase.

A motion was made by Director Lampert, seconded by Director Gunther, to 1) authorize a reserve appropriation in an amount of \$47,000, and 2) authorize a purchase order to Valley Power Systems, Inc. in an amount of \$88,885.73 for a towable emergency generator.

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang
NOES: None
ABSENT: None

5.2* RESOLUTION MAKING APPLICATION FOR THE ANNEXATION OF TERRITORY TO ALAMEDA COUNTY WATER DISTRICT AND RESOLUTION FOR EXCHANGE OF PROPERTY TAX REVENUES, ANNEXATION NO. 103, VINCENT WONG, TRACT 7114

Union Sanitary District (USD), as the managing responsible agency, is preparing a joint annexation application for a 6 acre parcel of land at the southerly end of Florence Street in Union City. Land use will be 6 single family residences. A Mitigated Negative Declaration has been prepared by the

City of Union City as lead agency. The City’s findings were that, with mitigations measures, the project will not have a negative effect on the environment.

A resolution making application to the Local Agency Formation Commission of Alameda County (LAFCO) will be required to initiate annexation to the District. Per Government Code Section 56837, LAFCO has the authority to waive local Conducting Authority proceedings if the land is uninhabited, and if all landowners and affected agencies consent to the annexation. Those conditions have been met and USD has requested that the District’s resolution include a request that LAFCO waive conducting authority proceedings.

The Revenue and Taxation Code requires agencies affected by the annexation of territory to a special district to negotiate an exchange agreement for the annual Ad Valorem tax increment that results from the increased assessed valuation in areas annexed after July 1980. Because school district shares of the Ad Valorem tax are required to be maintained at pre-annexation levels, Alameda County, the City of Fremont, and ACWD have each previously agreed to receive a reduced share. This agreement provides that ACWD receive an allocated share of the annual tax increment equal to 90% of its share in a similar tax code area. This principle has been applied to all ACWD annexations since 1981. A new resolution is required to extend the provisions of the tax sharing agreement to the annexation of Tract 7114. In order to complete the annexation of the subject tract, similar resolutions are required by both Alameda County and Union City. Accordingly, the County Administrator’s Office and the City of Union City will be making recommendations to their respective Board and Council members to adopt similar resolutions for this annexation.

A motion was made by Director Lampert, seconded by Director Gunther to 1) adopt a resolution making application to the Local Agency Formation Commission for approval of Annexation No. 103 with a request to waive conducting authority proceedings; and 2) adopt a resolution agreeing to the exchange of property tax revenue attributable to the incremental increase in assessed value in the territory being annexed.

RESOLUTION NO. 06-022

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
MAKING APPLICATION FOR THE ANNEXATION OF TERRITORY TO
ALAMEDA COUNTY WATER DISTRICT (ANNEXATION NO. 103, VINCENT
WONG, TRACT 7114)

RESOLUTION NO. 06-023

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
FOR EXCHANGE OF INCREMENTAL PROPERTY TAX REVENUES
AS A RESULT OF TERRITORY BEING ANNEXED TO THE DISTRICT
(ANNEXATION NO. 103, VINCENT WONG, TRACT 7114)

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang

NOES: None
ABSENT: None

5.3* AMENDMENT TO BUDGET TRANSFER PROCEDURES

The Board of Directors in May 1993, authorized staff to implement a procedure for the transfer of funds between certain accounts within the approved budget.

The budget transfer procedure was last updated in May 2005 to authorize the General Manager to approve the transfer of budgeted labor funds between capital projects and between capital and operating budgets within the same fiscal year. To reduce the number of reserve fund authorization requests and to more accurately reflect the impacts of reprioritization of projects and reallocation of resources in monthly budget reports, it is the staff's recommendation that the budget transfer procedure be extended to include the transfer of budgeted material and service charges between capital projects and between capital and operating budgets. The amount of transfer shall be limited to \$25,000 for consultant services and \$50,000 for materials and services, consistent with the current procurement limits that require Board approval. All budget transfers would continue to be approved by the General Manager and reported to the Board of Directors on a quarterly basis. This proposal was reviewed with the Administrative & Finance Committee on February 28, 2006 and the Committee concurred with the recommendation.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing the General Manager to approve within the same budget year the transfer of budgeted material and service charges between capital projects and between capital and operating budgets in amounts up to \$25,000 for consultant services and \$50,000 for materials and services.

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang
NOES: None
ABSENT: None

5.4* AUTHORIZATION TO AMEND PURCHASE ORDER FOR FERRIC CHLORIDE

The District routinely uses ferric chloride as a coagulant at both Mission San Jose Water Treatment Plant (MSJWTP) and Water Treatment Plant No. 2.

On December 16, 2005, the District received notification from Kemiron, our ferric chloride supplier, that it could no longer sell the District ferric chloride at the contract price because of disruption of raw material supply, increased energy costs and an increase in the cost of chlorine, which makes up 66% of the ferric chloride compound. In response, staff had originally planned to convert back to the use of alum for the remainder of the fiscal year until new contracts for ferric chloride could be bid. However, ferric chloride must be used as the coagulant at MSJWTP to determine the ultra filtration membrane vendor's compliance with the construction contract. It is therefore proposed

that ferric chloride be purchased on a short-term basis, through the end of this fiscal year, from Kemiron at a price of \$456.37 per dry ton delivered which is 22.5% higher than the original contract price. The District's Purchasing Officer contacted two alternative vendors regarding potential supply of ferric chloride. One vendor indicated that it simply resells product it acquires from Kemiron; the other vendor quoted a cost of \$570.00 per dry ton delivered.

A motion was made by Director Lampert, seconded by Director Gunther authorizing a purchase order amendment to Kemiron to increase the price for ferric chloride from \$372.60 to \$456.37 per dry ton delivered.

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang
NOES: None
ABSENT: None

5.5* RESOLUTION ACCEPTING GRANT FUNDING FOR NEWARK DESALINATION FACILITY EXPANSION

On January 13, 2005, the Board authorized a grant application to the California Department of Water Resources (DWR) for the Newark Desalination Facility Expansion pursuant to Chapter 6 of Proposition 50, which provides funding for brackish water and seawater desalination projects.

DWR notified the District of the \$2,800,000 grant award for eligible project costs associated with the construction of the Newark Desalination Facility on May 25, 2005. One condition of the grant stipulates that the District funds the difference between the estimated project cost and the grant amount. To formalize acceptance of the grant, the Board is required to adopt a resolution accepting the DWR grant, and to identify the person authorized to approve submission of project cost invoices to DWR.

A motion was made by Director Lampert, seconded by Director Gunther to adopt a resolution accepting the DWR grant, authorizing the General Manager to enter into an agreement with the DWR to accept grant funding and designating the General Manager as the person authorized to approve the submission of eligible project cost invoices to DWR.

RESOLUTION NO. 06-024

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AUTHORIZING EXECUTION OF AGREEMENT WITH THE CALIFORNIA
DEPARTMENT OF WATER RESOURCES FOR ACCEPTANCE OF PROPOSITION 50
GRANT FUNDING FOR PHASE 2 BRACKISH WATER DESALINATION FACILITY

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang
NOES: None

ABSENT: None

5.6* RESOLUTION AWARDING CONTRACT FOR PT-4 AND PT-6 WELL PUMPHOUSES

The District has commenced a program to convert the submersible pumps at the Peralta Tyson (PT) and Mowry Wellfields to above ground line-shaft well pumps because line-shaft wells are more reliable and less expensive to maintain in this application. A permanent building is required for the line-shaft pumps to provide weather protection, motor noise reduction, and security. Since both PT-4 and PT-6 motors are scheduled to be replaced within the current biannual budget cycle, it is now proposed that both sites be upgraded this year to allow the required well pumphouses to be constructed under one contract. Pumps, motors and well rehabilitation services will be purchased through separate contracts.

Requests for quotation were sent to four bidders. One bid was received and opened on February 28, 2006. The bid amount was \$118,194.00. The bid was checked for compliance with the bidding requirements. A bid summary is attached. Other potential contractors did not bid either because of the comparatively small size of the job or because they were too busy with other work.

The total amount budgeted for two buildings is \$96,000, including \$48,000 in the FY 05/06 budget for one building and another \$48,000 in the FY06/07 budget for a second building. The actual bid is higher than the budgeted amounts due to unanticipated increases in steel costs and additional concrete work required at one well.

T. E. Services of Modesto submitted the single bid. This firm has been in the construction business for over 10 years. This contractor constructed the buildings for PT-1 and PT-5 and the work was satisfactory.

Because the bid exceeds the currently budgeted level, a reserve fund appropriation of \$70,194 will be required. As an offset, the FY06/07 budget will be reduced by \$48,000.

A motion was made by Director Lampert, seconded by Director Gunther, to 1) authorize a reserve appropriation of \$70,194, and 2) adopt a resolution accepting the proposal and awarding the contract for PT-4 and PT-6 Well Pumphouses to T.E. Services in the amount of \$118,194.00, which is the total of the unit price and lump sum payment items.

RESOLUTION NO. 06-025

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO T.E.
SERVICES, FOR JOB 6281

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang
NOES: None

ABSENT: None

5.7 AUTHORIZATION OF DESIGN SERVICES FOR NEWARK DESALINATION FACILITY, PHASE 2

The District's Capital Improvement Program includes the expansion of the production capacity of the Newark Desalination Facility from 5 MGD to 10 MGD, which will require the installation of additional reverse osmosis (RO) membranes, equipment and pumps, as well as increased Aquifer Reclamation Program (ARP) well capacity and pipelines to convey the additional brackish water needed to supply the facility. The total estimated cost for the project, including the ARP wells and pipelines, is \$11,146,500. Construction is currently scheduled to be completed during 2008.

The pilot and first phase of the desalination facility were designed by Camp, Dresser & McKee, Inc. (CDM) between 1998 and 2001. Because of CDM's familiarity with the design criteria for the existing facility, staff developed a detailed scope of work and requested CDM to submit a priced proposal for preliminary design services. The preliminary design scope of services includes an evaluation of ARP well water quality, required design modifications to the existing facility to accommodate the increased capacity (new feed water and blended water pumps, RO skids, cartridge filters, decarbonator, PLC program modifications, and electrical and mechanical work to facilitate the expansion), and environmental support services to address CEQA requirements.

CDM's estimate for preliminary design services is \$776,000 and includes a 5% contingency. The design services will be performed on a time and expense basis. Staff has reviewed CDM's proposal and cost estimate and has found this approach to be the most cost-effective manner to complete the work required. There is adequate funding in the budget for this expenditure.

Greg Watson, Project Engineer for this project, presented a brief overview of the project to the Board and staff responded to questions from the Board. Mr. Watson also presented the Board with an award "in recognition of innovative leadership toward securing California's energy future through participating in Pacific Gas and Electric Company's 2005 Demand Response Program".

A motion was made by Director Lampert, seconded by Director Gunther, 1) authorizing a purchase order to Camp, Dresser, McKee, Inc. for preliminary design services in an amount not to exceed \$776,000 for Newark Desalination Facility, Phase 2, Jobs 6283, 6284, 4306, and 4305; and 2) authorizing the General Manager to execute a professional services agreement with Camp, Dresser & McKee, Inc. for this work.

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, Weed, and Huang

NOES: None

ABSENT: None

6 - REPORTS

6.1 BOARD COMMITTEE REPORTS

- Engineering & Capital Projects Meeting of February 14, 2006: (1) Utility Conflicts within Public Rights-of-Way; (2) Review of Multi-Family Dwelling Unit FCC
- Water Resources Planning Meeting of February 15, 2006: (1) Status Report on the 10-year Update to the Integrated Resources Plan
- Legal & Legislative Meeting of February 22, 2006: (1) Update on State and Federal Legislation

6.2 OPERATIONAL REPORTS

- Rainfall Report

6.3 STAFF REPORTS

- Survey Report on Groundwater Conditions – Groundwater Resources Engineer Mike Halliwell reviewed the findings for the Survey Report on Groundwater Conditions, which recommends an assessment on the production of groundwater from the groundwater supplies within the District during the FY 06/07. A public hearing will be held on April 11, 2006, regarding the Replenishment Assessment.

6.4 GENERAL MANAGER'S REPORTS

Mr. Piraino reported that two steelhead fish had recently been trapped and relocated from the Alameda Creek Flood Control Channel below the BART weir. One of the fish was 31 inches long and weighed approximately 11 lbs. The fish were relocated to the confluence of Stoneybrook Creek in Niles Canyon. He advised that District staff has been requested to provide assistance at another “trap and haul” effort that will take place on Saturday, March 11, 2006.

7 - DIRECTORS' COMMENTS AND/OR AGENDA ITEM REQUESTS

- Director Weed gave a brief report on the Association of California Water Agencies (ACWA) Washington D.C. Legislative conference he attended on February 28, 2006. Director Weed informed the Board that a major theme in Washington D.C. was related to flood control projects.
- Directors Huang and Koller gave a brief report on the ACWA State Legislative Symposium they recently attended in Sacramento.
- Director Lampert inquired as to the effects of an earthquake on the well fields and on the nearby well operated by Washington Hospital. Mr. Piraino advised that staff would report back on this issue.
- Director Lampert raised the question if it would be feasible to hold regular Board meetings once a month instead of twice a month. Discussion ensued. Mr. Piraino advised that staff would report back on the item within the next two months.

President Huang adjourned the meeting to a Closed Session at 8:11 p.m. for a conference on the following items:

- 8.1 Conference with Legal Counsel – Anticipated Litigation (Initiation of Litigation Pursuant to Subdivision (c) of Government Code Section 54956.9): One Case
- 8.2 Conference with Real Property Negotiator (Pursuant to Government Code Section 54956.8)
 - a) APN 486-0024-001: 918 D Street, Union City
Agency Negotiator: Craig Hill
Negotiating Parties: Nena Bains
Under Negotiation: Price and terms of sale
 - b) APN 507-527-20: Mission Boulevard, Fremont
Agency Negotiator: Craig Hill
Negotiating Parties: Kadeer M. Halimi and Fakoor Popal
Under Negotiation: Price and terms of sale

The meeting reconvened at 8:43 p.m. Mr. Piraino reported, with respect to Item 8.1, that the Board has authorized the General Manager to sign a multi-party settlement agreement for the licensing of Oroville Dam through the Federal Energy Regulatory Commission.

With respect to Item 8.2 (a), Mr. Piraino reported that the Board has authorized the General Manager to enter into an agreement to sell the property located at 918 D Street in Union City to Ms. Nena Bains for \$150,000. With respect to Item 8.2 (b), Mr. Piraino reported that the Board provided direction to staff.

There being no further business to come before the Board, the meeting was adjourned at 8:45 p.m.

Gina Markou, District Secretary

Attest:

Judy C. Huang, President