

May 25, 2006
Fremont, California

The regular semimonthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on May 25, 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, and Huang
Absent: Director Weed

Staff members present: General Manager Paul Piraino, Engineering Manager Robert Shaver, Finance and Administration Manager Will Ligh, Operations Manager Karl Stinson, Attorney Patrick Miyaki, and District Secretary Gina Markou.

President Judy Huang presided.

Director Lampert 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 5.11 to the consent calendar.

The motion was passed by the following vote:

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

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 April 27, 2006
- 4.2 Ratification of Payment of Audited Demands dated April 28, May 5, May 12, and May 19, 2006
- 5.1 Authorization of Purchase Order for the Reuse of Water Treatment Plant Solids
- 5.2 Authorization of Purchase Order for the Transport of Water Treatment Plant Solids
- 5.3 Authorization of Purchase Order to Furnish and Deliver Water Meters
- 5.4 Authorization of Purchase Orders for Backfill Materials
- 5.5 Authorization of Purchase Order for Paving Services
- 5.7 Authorization of Purchase order for Water Treatment Chemicals

- 5.8 Authorization of Purchase Order for Chloramine Analyzer
- 5.9 Authorization of Purchase Order for Janitorial Services
- 5.10 Authorization of Purchase Order for Contract Laboratory Services
- 5.11 Authorization of Purchase Order Amendment for Design Services for Headquarters Renovation Project, Phase 2

The motion was passed by the following vote:

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

Mr. Piraino introduced Jeannette Weber to the Board. Ms. Weber is the Water Quality Laboratory Supervisor and previously worked at the California Water Service Company. Ms. Weber has many years of experience in the water industry and earned her Ph.D. in Microbiology from the University of California at Davis. The Board welcomed Ms. Weber who in turn thanked the Board for the opportunity of working for the District.

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

5.1* AUTHORIZATION OF PURCHASE ORDER FOR THE REUSE OF WATER TREATMENT PLANT SOLIDS

Funds are authorized each year for the disposal and reuse of mechanically dewatered solids removed from the two water treatment plants. The current solids reuse purchase order with Republic Services will expire on June 30, 2006.

Republic Services' Vasco Road Landfill is the least cost, all weather, regulated solids disposal facility currently available to the District. A new purchase order is required to continue services in FY 06/07. Republic Services proposes to beneficially reuse all of ACWD's water treatment residual solids as alternative daily cover at \$18.25 per ton. This cost reflects a 2.9 % increase (estimated at \$1,095) over the current purchase order. Adequate funds have been allocated to cover this expense in the FY 06/07 budget.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing a purchase order to Republic Services for the reuse of mechanically dewatered solids processed at Water Treatment Plant No. 2 for FY 06/07 at the prices quoted.

The motion was passed by the following vote:

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

5.2* AUTHORIZATION OF PURCHASE ORDER FOR THE TRANSPORT OF WATER TREATMENT PLANT SOLIDS

Funds are authorized each year for the hauling of mechanically dewatered solids removed during water treatment. The solids are transported from the Water Treatment Plant No. 2 to a landfill. Additionally, dried solids from the drying beds at the Mission San Jose Water Treatment Plant (MSJWTP) are removed and transported to a landfill. Additional services include the use of a vacuum truck during emergencies and plant outages to transport sludge. The current agreement with Alhambra Environmental Services will expire on June 30, 2006.

The conditions of the current contract and the service by Alhambra Environmental Services have been satisfactory over the last nine years. Additional wording was added to clarify the District's option to request the mixing and turnover of the sludge drying ponds at Mission San Jose Treatment Plant. This practice greatly shortens the time required to dry the sludge.

Alhambra has increased their hourly rate from \$74 to \$75. Cost for additional services have increased slightly for an overall cost increase of 1.3% (estimated at \$2,200) The increase in the cost for these services is reasonable in light of rising fuel cost and the current inflationary rate. Staff recommends exercising the District's option to renew the contract with Alhambra Environmental Services for a 12-month period. One renewal option will remain. Adequate funds have been allocated for these expenses in the FY 06/07 budget.

A motion was made by Director Lampert, seconded by Director Gunther, to authorize a purchase order to Alhambra Environmental Services for the transport of water treatment plant solids for FY 06/07.

The motion was passed by the following vote:

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

5.3* AUTHORIZATION OF PURCHASE ORDER TO FURNISH AND DELIVER WATER METERS

The District requests bids annually for water meters. These bids are based on the anticipated meter needs for the upcoming year and are used for cost comparison. Meter specifications include both plastic and lead free brass water meters.

Five requests for bid were sent and the following vendors responded to specific items: AMCO Water Metering Systems, Inc. (Formerly ABB Water Meters, Inc.); Badger Meter, Inc.; Hersey Meters; Neptune Technologies Group, Inc.; and Sensus Metering Systems, Inc. All bids received for the ¾" and 1" meters were responsive and only four bids for the 1 ½" and 2" meters were responsive. The responsive bids are summarized below:

3/4" WATER METERS (4000)	<u>Total Amount</u>
<u>5 Responsive Bidders</u>	
AMCO Water Metering Systems, Inc.	\$116,971.50

Neptune Technologies Group Inc.	\$140,287.50
Badger Meter, Inc.	\$140,592.00
Hersey Meters	\$178,350.00
Sensus Metering Systems, Inc.	\$276,181.50

1" WATER METERS (3500)	<u>Total Amount</u>
<u>5 Responsive Bidders</u>	
AMCO Water Metering Systems Inc.	\$188,219.06
Neptune Technologies Group Inc.	\$194,118.75
Badger Meter, Inc.	\$205,994.25
Hersey Meters	\$241,696.88
Sensus Metering Systems, Inc.	\$343,628.25

1 Nonresponsive Bidder
 Neptune Technologies Group, Inc. (Did not meet specifications)

2" WATER METERS (500)	<u>Total Amount</u>
<u>4 Responsive Bidders</u>	
AMCO Water Metering Systems Inc.	\$ 98,962.50
Hersey Meters	\$103,312.50
Badger Meter, Inc.	\$107,787.56
Sensus Metering Systems, Inc.	\$195,158.95

1 Nonresponsive Bidder
 Neptune Technologies Group Inc. (Did not meet specifications)

A motion was made by Director Lampert, seconded by Director Gunther, to authorize a purchase order to AMCO Water Metering Systems, Inc. for the purchase and delivery of 3/4", 1", 1 1/2", and 2" lead-free brass water meters at the prices quoted for FY 06/07.

The motion was passed by the following vote:

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

5.4* AUTHORIZATION OF PURCHASE ORDERS FOR BACKFILL MATERIALS

ACWD crews perform a variety of construction and maintenance work throughout the District's service area. Repairs and installations can occur during normal working hours, off-hours weekdays, weekends, and holidays. Excavations for leaks, replacements, and new installations are required for the majority of this work. Subsequently, a variety of materials is needed to backfill these excavations. Commonly used materials include sand, coarse aggregate, base rock, concrete, and control density fill.

There are a number of vendors spread throughout the general area who provide some or all of the required backfill material. Due to the geographical dispersion of the work performed it is more

advantageous to purchase backfill materials on the open market at the nearest supply point. Typically, ACWD has purchased materials from a dozen or so local vendors. The amounts purchased from each vendor is dependent upon the location of work performed, the availability of the particular material needed, suppliers operating hours, and the required pickup or delivery schedule. The three main vendors used and the estimated FY 06/07 purchases from each are: Mission Valley Rock, \$100,000; Milpitas Materials Co., \$60,000; and Dumbarton Quarry & Associates, \$120,000. Maintaining the ability to select suppliers who can fill the immediate needs allows for more efficient crew utilization by minimizing delays due to the unavailability of backfill material. Sufficient funds have been budgeted for these expenditures.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing annual purchase orders to Mission Valley Rock, Milpitas Materials Co., and Dumbarton Quarry & Associates for a variety of backfill materials at prices quoted for FY 06/07.

The motion was passed by the following vote:

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

5.5* AUTHORIZATION OF PURCHASE ORDER FOR PAVING SERVICES

As part of the construction and maintenance activities performed by the District, it is necessary to cut city streets and excavate for installations or repairs of facilities. In order to comply with various city requirements for street work, permanent paving is required to restore street surfaces. In addition, the need to have this work done in a timely manner is necessary to avoid customer complaints and comply with permit requirements.

Requests for bid were sent to four vendors: El Camino Paving, Inc.; AJW Construction; Union City Construction; and Dun-Rite Excavating. Four bids were received. The bid from Dun-Rite Excavating was deemed non-responsive due to a failure to sign the bid. The three responsive bids are summarized below:

<u>Company</u>	<u>Total Amount</u>
El Camino Paving, Inc	\$1,197,375
AJW Construction	\$1,279,375
Union City Construction	\$1,364,500

Costs for paving services in FY 05/06 were estimated at \$900,000, and it is expected that costs for FY 06/07 will be similar. Sufficient funds have been budgeted for this expenditure. The purchase order allows for two annual extensions if conditions and service are satisfactory to both parties.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing a purchase order to El Camino Paving, Inc. for paving services for FY 06/07 at the prices quoted.

The motion was passed by the following vote:

AYES: Directors Lampert, Gunther, Koller, and Huang

NOES: None
ABSENT: Director Weed

5.6* AUTHORIZATION OF PURCHASE ORDER FOR WELDING SERVICES

ACWD relies on a welding service to fulfill pipeline and shop welding needs. These needs include field welding of pipe joints to construct fire lines, service lines, hydrant laterals, meter services, and equipment repairs and fabrication at the shop. Welders must also be available for after-hours emergency work.

Requests for bid were sent out and two vendors responded. Ferguson Welding Service and Monterey Mechanical Company returned bids that were considered responsive.

<u>Company</u>	<u>Hourly Rate- Field/Shop</u>
Ferguson Welding Service	\$87/\$85
Monterey Mechanical Company	\$155/\$145

Ferguson Welding, located in Hayward, was the low bidder and has provided this service to the District for nearly 25 years. The cost for welding services for FY 05/06 is expected to be \$130,000. Of this amount 85% is customarily billed to customer jobs for which the District is fully reimbursed. Sufficient funds are budgeted for this expenditure. The purchase order allows for two annual extensions if conditions and service are satisfactory to both parties.

A motion was made by Director Lampert, seconded by Director Gunther, to authorize a purchase order to Ferguson Welding Service for welding services for FY 06/07 at the prices quoted.

The motion was passed by the following vote:

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

5.7* AUTHORIZATION OF PURCHASE ORDER FOR WATER TREATMENT CHEMICALS

Funds are authorized each year for the purchase of chemicals used for water treatment. Purchase orders are awarded for a 12-month period. Last year's purchase agreements allowed for extensions on a year to year basis if conditions and services are satisfactory to both the District and the vendors.

All vendors have performed satisfactorily during the fiscal year. All vendors were contacted to propose pricing for the upcoming fiscal year. Of the nine vendors, the four vendors listed in the table below, proposed prices that were either the same or less than a 5% increase over the previous year.

VENDOR	CHEMICAL
Pioneer Americas LLC	Liquid Caustic Soda
NALCO Co.	Cationic Polymer Anionic Polymer Nonionic Polymer
JR Simplot Co.	Sulfuric Acid
Univar USA Inc	Calcium Hypochlorite Powdered Activated Carbon

The other five vendors proposed prices that were significantly higher than last year. Staff has already notified these vendors that these chemicals will be re-bid.

A motion was made by Director Lampert, seconded by Director Gunther, to authorize purchase orders to furnish and deliver water treatment chemicals for FY 06/07 to the four vendors noted above.

The motion was passed by the following vote:

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

5.8* AUTHORIZATION OF PURCHASE ORDER FOR CHLORAMINE ANALYZER

In 2002, the District purchased five (5) chloramine analyzers from Applied Spectrometry c/o Misco Pacific to better monitor the chloramination process. These units have performed very well and have met all expectations.

An analyzer unit for MSJWTP was not purchased in 2002 because the plant was under re-construction. Based on the success of these analyzer units in our other production facilities, staff recommends the purchase of one unit for MSJWTP. The cost of the unit is \$32,000, and there is adequate funding in the current budget for this expenditure.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing a purchase order to Misco Pacific, not to exceed \$32,000 for the purchase of one Chem-scan chloramine analyzer.

The motion was passed by the following vote:

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

5.9* AUTHORIZATION OF PURCHASE ORDER FOR JANITORIAL SERVICES

The current janitorial services contract for the District headquarters, both treatment plants, and the desalination facility will expire on June 30, 2006

The District's janitorial services contractor is Action Maintenance Systems. They have performed

satisfactorily on all aspects of the specifications. The current contract allows for a second twelve month extension. Action Maintenance Systems is requesting an increase of 4% over last year's costs. The total annual service amount is \$52,368, and sufficient funds have been budgeted for this expenditure.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing a purchase order to Action Maintenance Systems for janitorial services in the amount of \$52,368.

The motion was passed by the following vote:

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

5.10* AUTHORIZATION OF PURCHASE ORDER FOR CONTRACT LABORATORY SERVICES

The District employs commercial laboratories for chemical and bacteriological analyses for which either the District Water Quality Laboratory (WQL) is not certified or it is not cost-effective for the District to perform in-house.

Eighteen commercial laboratories were invited to bid on an updated Request for Quotation (RFQ) in April 2006, and ten responses were received. The laboratories were evaluated based on the following criteria:

1. Hold a current certification with the California Department of Health Services Environmental Laboratory Accreditation Program (CDHS ELAP);
2. Provide methods that are approved by the federal Environmental Protection Agency (EPA) and CDHS;
3. Submit a bid that includes all analyses and services (e.g., courier service) listed in the RFQ;
4. Pass >95% performance samples of quality assurance studies conducted by 3rd party providers for methods performed in-house;
5. Ability to submit analytical results to CDHS in the state-mandated electronic format;
6. Ability to provide preliminary analytical results reports electronically for review prior to submitting formal hard copy reports;
7. Maintain a stringent Quality Assurance/Quality Control program considered acceptable to the District;
8. Use subcontractors that are considered acceptable to the District; and,
9. Have competitive prices for analytical methods and services.

The proposal submitted by Sequoia Analytical Laboratories in the amount of \$265,100 is the lowest priced proposal and meets all of the above-required criteria.

There are sufficient funds in the FY 06/07 budget for this expenditure. The purchase order would allow for two annual extensions if conditions and service are satisfactory to both parties.

A motion was made by Director Lampert, seconded by Director Gunther, to authorize a purchase

order for chemical and bacteriological laboratory services to Sequoia Analytical Laboratories for an amount not to exceed \$265,100 for FY 06/07 at the unit prices quoted.

The motion was passed by the following vote:

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

5.11* AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR DESIGN SERVICES FOR HEADQUARTERS RENOVATION PROJECT, PHASE 2

The Board previously authorized a total amount of \$479,118, to Noll & Tam Architects (Noll & Tam) for final design services for the Headquarters Building Renovation Project, Phase 2. The primary elements of the Phase 2 renovation scope of work include converting the old lab into a new crew room and office space, converting the old crew room into a new multi-purpose conference/training room, modifying customer service counters, restrooms, and parking spaces to comply with the Americans with Disabilities Act (ADA), and adding trees in the employee parking lot.

Recently, Human Resources (HR) staff recognized a need to improve workspace and workflow efficiency in the HR area with respect to filing, counter space, and testing of job candidates. Accordingly, staff requested a proposal from Noll & Tam to incorporate this work into the Phase 2 Renovation project. Noll & Tam's estimated design cost for the work is \$30,000 based on a time and expense basis. Staff has reviewed the proposal and estimate and determined that they are appropriate for the work required. There is adequate funding in the project for this expenditure.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing a purchase order amendment to Noll & Tam Architects in the amount of \$30,000 for final design services for Headquarters Renovation Project, Phase 2, Job 6113.

The motion was passed by the following vote:

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

5.12 RESOLUTION AWARDED CONTRACT FOR WTP NO. 2 DEDICATED FILTER-TO-WASTE MECHANICAL WORK

Mr. Shaver reported that this project will increase the amount of solids that can be processed at Water Treatment Plant No. 2, thus improving the ability of the plant to maintain plant production over a broader raw water quality range. The project consists of installing additional piping (sized 6" and 12") from the Dewatering Building Pump Room to Gravity Thickener No. 2.

Because the installation of the new piping will be performed while the plant is in operation, a Time and Expense contract is the most cost effective way to flexibly schedule the work and minimize disruptions to the operation of the plant.

Four mechanical contractors with the necessary experience were invited to bid on the work. Two bids for the subject project were received and opened on April 19, 2006. The bids ranged from a low of \$124,000 to a high of \$126,000. The Engineer's estimate for the work was \$139,000. All bids were checked arithmetically and for compliance with the bidding requirements.

Pacific Mechanical Corporation of Concord submitted the lowest bid. This firm has previously performed satisfactory work for the District and has been in the contracting business for 53 years under its present name. There is adequate funding in the current budget for this work.

A motion was made by Director Lampert, seconded by Director Gunther, to adopt a resolution accepting the proposal and awarding the contract to Pacific Mechanical Corporation for WTP No. 2 Dedicated Filter-To-Waste Mechanical Work in an amount not to exceed \$124,000, which is the total of the lump sum and unit price payment items, Job 6173.

RESOLUTION NO. 06-036

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO PACIFIC
MECHANICAL CORPORATION, FOR JOB 6173

The motion was passed by the following vote:

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

5.13 RESOLUTIONS ADOPTING REVISED BOARD MEMBER COMPENSATION AND
EXPENSE REIMBURSEMENT POLICIES TO COMPLY WITH AB 1234
REQUIREMENTS

Mr. Piraino reported that AB 1234 became law on January 1, 2006 and incorporates certain specific cost control and reporting requirements that all locally elected officials must now observe. Accordingly, there is a need to update the Board's policies on both compensation and expense reimbursement to ensure that the District fully complies with AB 1234's new statutory requirements.

The Board's adopted expense reimbursement policy already complies with many of the requirements of AB 1234. However, the policy has been revised to make it a stand-alone policy, including examples for which reimbursement is not allowed and setting out specific cost control guidelines and reporting requirements. Following is a summary of the recommended changes:

- Authorized Activities: The list of authorized activities for which reimbursement may be made has been updated to delete certain activities (such as attendance at the ACWA County Water District Caucus) which no longer exist, and to add one activity (attendance at mandatory ethics training) which is specifically allowed for reimbursement/compensation under AB 1234.

- Reporting: Board members must use expense report forms with accompanying documented receipts, and requests for reimbursement must be submitted within a “reasonable time.” It is proposed that the expense reimbursement policy be amended to require that requests for reimbursement be submitted within 30 days of the date an expense was incurred.
- Cost Control Guidelines: AB 1234 authorizes local agencies to specify what constitutes reasonable rates for travel, meals, lodging and other expenses. Otherwise, if a local policy does not specify reimbursement rates, the reimbursable rates default to those specified in the IRS guidelines, which are complex and not recommended as a default alternative. Accordingly, it is proposed that the Board’s expense reimbursement policy be amended to set a reasonable rate for travel, meals, lodging and other expenses. This would include the thresholds already contained in AB 1234 with respect to lodging in connection with conferences: the rate may not exceed the published group rate, or, if these group rates are not available at the time lodging is booked, then the government rate, if available, must be applied. In those rare cases where there may be no available government rate, it is proposed that the Board set a maximum amount for which reimbursement may be made (\$150 plus tax and mandatory charges, to be adjusted annually by the CPI).

Similarly, to determine the reasonable rate for various travel-related expenses, it is recommended that the Board specify that air travel must be by coach class via the most direct route at the most economical fare available and car rental costs must be equal to or less than those available through the State of California’s GSA web site (www.ca.travelsmart.com). The reasonable rate for meal expenses and associated gratuities has been set at the level recommended by the League of California Cities Institute for Local Self-Government’s AB 1234 Model Ordinance (based on the IRS Guidelines) of \$65 per day (allowing, for example, \$12 for breakfast, \$18 for lunch and \$35 for dinner), with an annual CPI adjustment applied to the rate.

- Reports to the Board: members of a legislative body attending a meeting for which reimbursement is made are now also required to submit an oral or written report on the activity at the next regularly scheduled meeting of the legislative body. The Board’s reimbursement policy has been amended to comply with this requirement.

With respect to compensation, the Board’s Compensation Policy meets the requirements of AB 1234. However, the list of pre-approved meetings has been updated to be consistent with the list of “authorized activities” contained in the Expense Reimbursement Policy. The Administrative and Finance Committee has previously reviewed the proposed policies and their suggested changes have been incorporated into the policies (see March 28, 2006 Administrative and Finance Committee Minutes).

A motion was made by Director Koller, seconded by Director Gunther, to adopt resolutions amending the Board’s Expense Reimbursement and Compensation policies as recommended to comply with the requirements of AB 1234.

Discussion ensued on specific areas of the proposed amendments to the Expense Reimbursement Policy, including the proposed maximum lodging reimbursement amount when group or government rates are not available, mileage and automobile rental criteria and the proposed daily meal allowance maximum. Mr. Piraino and Mr. Miyaki responded to questions from the Board. Director Lampert

expressed support for changing the policy to set meal cost maximum amounts for breakfast, lunch and dinner rather than a daily maximum amount for all meals. The Board discussed various applications of the meal allowance to situations where one or more meals might be included in the registration cost for a particular conference.

RESOLUTION NO. 06-037

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
SETTING POLICY GOVERNING COMPENSATION OF BOARD MEMBERS

RESOLUTION NO. 06-038

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AMENDING EXPENSE REIMBURSEMENT POLICY

The motion was passed by the following vote:

AYES: Directors Gunther, Koller, and Huang
NOES: Director Lampert
ABSENT: Director Weed

5.14 CONSIDERATION OF PROPOSED SIX MONTH PILOT – MONTHLY REGULAR
MEETING SCHEDULE

Mr. Piraino reported that at the March 9, 2006 Board meeting, a question was raised as to whether or not it was feasible to hold regular Board meetings once per month versus twice per month. Staff advised that it would report back to the Board on this item.

Mr. Piraino presented the Board with information on meeting frequencies and durations during calendar year 2005, and laid out the potential advantages and disadvantages of moving from semi-monthly to monthly regular meetings. He advised that concerns about delays in addressing time-sensitive matters could be mitigated by reserving one of the previous semi-monthly meeting dates (recommended for the fourth Thursday of the month) for a special meeting opportunity should it be required to approve, for example, a contract that could not wait until the next scheduled monthly meeting. This would also provide an opportunity to schedule workshops or policy presentation/discussions with the Board on specific matters at such times as they may be needed or requested by the Board. Mr. Piraino pointed out that the advantages and disadvantages of monthly meetings could not be fully determined unless the system is tested. Accordingly, he advised that a pilot monthly meeting schedule be implemented for the period from June 2006 through December 2006, should the Board wish to pursue this matter. This would require that the Board adopt a new resolution setting forth the time and place of its regular meetings. An assessment of the monthly meeting schedule would then be conducted in January 2007 to determine if the Board wishes to continue or discontinue it. Staff's report was followed by discussion by the Board on the proposal. A motion was made by Director Lampert, seconded by Director Huang, to direct staff to prepare a resolution for consideration at the June 8, 2006 meeting setting a monthly meeting schedule for the period from June through December 2006.

The motion failed by the following vote:

AYES: Directors Lampert and Huang
NOES: Directors Gunther and Koller
ABSENT: Director Weed

Director Lampert requested that this item be placed on the June 8, 2006 agenda to allow Director Weed an opportunity to participate in the discussion on this matter.

6 - REPORTS

6.1 BOARD COMMITTEE REPORTS

- Administrative & Finance Meeting of April 25, 2006: (1) Seismic Event Response Update; (2) Quarterly Review of Claims; (3) Quarterly Review of Investment Portfolio
- Operations & Water Quality Meeting of May 3, 2006: (1) Alameda County Waste Management Authority – Proposed Sunol Composting Facility

6.2 OPERATIONAL REPORTS

- Quarterly Well Level Report
- Investment Report
- Quarterly Personnel Report
- Quarterly Budget & Expense Report – On the Intrabudget Transfer Report, Director Lampert inquired as to the cause of the transfer of \$519,000 to Account 8313 (Operation of Water Treatment Plant #1). Mr. Stinson advised that this transfer was required primarily to cover unanticipated labor costs associated with the operation of the new treatment facility.

6.3 STAFF REPORTS - None

6.4 GENERAL MANAGER'S REPORTS

- Mr. Piraino reported that the plan to flush a 36-inch water main in the Ardenwood area of Fremont, which had previously been reviewed with the Operations/Water Quality Committee, had been successfully implemented on May 24. As a result, staff will be taking action to flush another portion of this water main during the week of May 29.
- Mr. Piraino reviewed staff's response to an inquiry from Director Lampert on the effects of the exclusion of Washington Hospital from the CALPERS Blue Shield HMO network. It is staff's recommendation that no further action be taken on this matter at this time.
- Mr. Piraino also reviewed an issue that has arisen with respect to a request made to the City of Union City for an easement for a water main that has been constructed in a bridge

on Green Street to serve a housing development on 11th and Green Streets. He advised that, although the bridge has been designed to accommodate the future Route 84 roadway, there is a possibility that the future construction of the roadway could require potentially costly modifications to existing District facilities in the bridge. As a result, staff believes that any potential future costs caused by a change in design should be borne by the beneficiaries of the bridge (the developments along 11th and Green Streets and/or users of the regional transportation improvements) and not the District's ratepayers, and that an easement would be the best way to protect the District's future interests. Accordingly, as part of the Green Street Bridge project and approval process, KB Homes executed a water main extension agreement in January 2006 that stipulated that a waterline easement would be provided covering the water main in the bridge. On May 12, 2006, District staff was advised by Union City that an easement would not be furnished by the City across the future Route 84 parcel. Consequently, staff met with both the City and KB Homes on May 23, 2006 to explore alternative mechanisms to protect the ratepayers' interests. Staff will provide a report to the Board on the outcome of these discussions on June 8, 2006.

7 - DIRECTORS' COMMENTS AND/OR AGENDA ITEM REQUESTS

- Directors Koller, Gunther, Lampert and Huang reported on the Association of California Water Agencies semi-annual conference that the Board members recently attended.
- Director Lampert inquired on the outcome of the Alameda County Waste Management Authority (ACWMA) Board's recent deliberations on the Authority's Draft Environmental Impact Report (DEIR) for the proposed Sunol Organics Processing Development Program and Project. Mr. Piraino advised that it was his understanding that the ACWMA Board took action to continue review on the DEIR until at least September 2006 due to an issue that recently arose with the Air Quality Management District over wind reading data.

President Huang adjourned the meeting to a Closed Session at 7:45 p.m. for a conference on the following items:

- 8.1 Conference with Legal Counsel – Existing Litigation (Pursuant to Government Code Section 54956.9(a))
 - Alameda County Flood Control and Water Conservation District, Zone 7 et al. vs. Department of Water Resources
- 8.2 Conference with Legal Counsel – Litigation (Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(b)): One Case

President Huang reconvened the meeting from Closed Session at 7:58 PM.

With respect to item 8.1, Mr. Piraino reported that the Board voted 4-0 in favor of authorizing execution of settlement and representation agreements in this case. The settlement agreement resolves the Attorney General's motion to disqualify the Kronick law firm as the plaintiff's attorneys

in this litigation. As a result of the agreement, one of the firm’s attorneys, Mr. James Weisel, is specifically excluded from representing the plaintiffs, but the Kronick firm may continue to provide representation. The representation agreement authorizes the engagement of the Pillsbury Winthrop law firm as the chief litigation counsel for the plaintiffs in this case.

With respect to item 8.2, Mr. Piraino reported that the Board voted 4-0 in favor of authorizing execution of a settlement agreement with C. Overaa and Company (Overaa) and HGH Electric (HGH), the prime contractor and electrical subcontractor, respectively, on the Mission San Jose Water Treatment Plant Process Upgrade Project (Project). The agreement provides that: HGH will dismiss its lawsuit against Overaa, and Overaa will not bring suit against the District; HGH will receive a settlement of \$60,000, with the District and Overaa each contributing \$30,000; HGH will not bid on any future District construction project for the next five years; and there will be a complete release of claims among HGH, Overaa and the District with regard to the Project, with certain limited exceptions.

There being no further business to come before the Board, the meeting was adjourned at 8:00 p.m.

Gina Markou, District Secretary

Attest:

Judy C. Huang, President