

June 22, 2006
Fremont, California

The regular semimonthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on June 22, 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, Attorney Ray McDevitt, and District Secretary Gina Markou.

President Judy Huang presided.

Finance and Administration Manager Will Ligh 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 remove Item 4.3 from the Consent Calendar and to add Items 5.1 through 5.5 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 June 8, 2006
- 4.2 Ratification of Payment of Audited Demands dated June 9, and June 16, 2006
- 5.1 Authorization of Purchase Order for Fuel
- 5.2 Authorization of Purchase Order for Security Services for Alameda Creek Recharge Facilities
- 5.3 Authorization of Purchase Orders for Water Treatment Chemical
- 5.4 Authorization of Purchase Order for Report Development Software
- 5.5 Resolution Establishing FY 06/07 Appropriations Limit

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*)

4.3* RESOLUTION PROVIDING FOR TIME AND PLACE OF HOLDING REGULAR BOARD OF DIRECTORS MEETINGS OF THE ALAMEDA COUNTY WATER DISTRICT

Mr. Piraino reported that this resolution implements the Board action at the June 8, 2006 meeting to authorize a pilot monthly meeting schedule for July through December 2006. The resolution sets the date and time for the monthly meeting at 6:00 P.M. on the second Thursday of each month, and also provides for the scheduling of a second meeting, if needed, on the fourth Thursday of the month. The resolution further provides that the monthly meeting schedule will be evaluated for continuance by January 11, 2007.

A motion was made by Director Lampert, seconded by Director Weed, to adopt a resolution providing for time and place of holding Regular Board of Directors Meetings of the Alameda County Water District.

RESOLUTION NO. 06-046

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
PROVIDING FOR TIME AND PLACE OF HOLDING REGULAR BOARD OF
DIRECTORS MEETINGS OF THE ALAMEDA COUNTY WATER DISTRICT

The motion was passed by the following vote:

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

5.1* AUTHORIZATION OF PURCHASE ORDER FOR FUEL

Funds are authorized each year for the purchase of unleaded regular gasoline and No. 2 clear diesel fuel to operate the District's fleet of vehicles and No. 2 red dye diesel fuel to operate stationary generators. For Fiscal Year 05/06 it is estimated that \$201,600 will be spent on fuel.

Bids were requested from seven vendors for unleaded regular gasoline and No. 2 diesel fuel for FY 06/07 with provisions for up to two annual extensions. Bidders were requested to quote an adjustment to the weekly average price per gallon published in the Oil Price Information Service (OPIS) Report for the type and grade of fuel requested. The adjustment quoted will be firm for the term of the contract. Four responsive bids were received. A bid summary follows showing the constant margin over or under the posted OPIS rack price in effect at the time of delivery.

There is no State of California contract or California Multi-Award System (CMAS) program available to the District for the purchase of fuel. The products and service previously provided by the low bidder, Valley Oil Company, have been satisfactory; therefore, staff recommends awarding the contract to Valley Oil Company.

**Adjustment to Weekly Average Rack Price
Per Gallon in OPIS Report**

	Unleaded Regular <u>Gasoline</u>	No. 2 Diesel <u>Clear</u>	No. 2 Diesel <u>Red Dye</u>
<u>Adjustment to Daily Average Rack Price Per Gallon</u>			
Valley Oil Co	-\$0.0050	+\$0.0140	+\$0.0700
SC Fuels	+\$0.0043	+\$0.0121	+\$0.0755
Coast Oil Company	+\$0.0260	+\$0.0305	+\$0.0305
Western States Oil Company	+\$0.0275	+\$0.0275	+\$0.0545
<i>FY 05/06 Pricing</i>	-\$0.0045	+\$0.0160	+\$0.0750

It is estimated that \$260,511 will be spent on fuel during FY 06/07, based on FY 05/06 consumption.

A motion was made by Director Lampert, seconded by Director Gunther, authorizing a purchase order to Valley Oil Company for unleaded regular gasoline and No. 2 diesel fuel for FY 06/07 at the indicated adjustments to the weekly average price per gallon published in the OPIS Report.

The motion was passed by the following vote:

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

**5.2* AUTHORIZATION OF PURCHASE ORDER FOR SECURITY SERVICES FOR
ALAMEDA CREEK RECHARGE FACILITIES**

The District issues an annual purchase order for security services for the Alameda Creek recharge facilities, which include three inflatable dams.

The current contract expires June 30, 2006. The contract allows for up to two annual extensions. The current contractor, American Discount Security, has performed satisfactorily and has agreed to a second and final contract extension through June 30, 2007, with a 5% increase in costs to match competitive labor costs and increasing fuel cost, for a total cost of \$68,009. Funding has been included in the FY 06/07 Budget to cover this expense.

A motion was made by Director Lampert, seconded by Director Gunther, to authorize a purchase order to American Discount Security, in an amount not to exceed \$68,009 for security services for Alameda Creek Recharge Facilities for FY 06/07.

The motion was passed by the following vote:

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

5.3* AUTHORIZATION OF PURCHASE ORDERS FOR WATER TREATMENT CHEMICAL

Funds are authorized each year for the purchase of chemicals used for water treatment. Purchase orders are awarded for a 12-month period. Purchase agreements that allowed for extensions on a year to year basis if conditions and services are satisfactory to both the District and the vendors were renewed only if the proposed price increases were either less than or equal to 5%.

Requests for quotations were sent to 85 vendors for RFQ 2890 and to 43 vendors for RFQ 2892 for a total of ten (10) different water treatment chemicals. Bids were opened on May 16, 2006 and June 5, 2006. The District received 15 responses. The lowest responsive bidders are as follows:

Vendor	Chemical	Quantity	Unit Price	Last Year
RFQ 2890				
UNIVAR USA	Liquid Caustic Soda (25%)	36 T.	\$ 456.80 per ton	\$502.40
General Chemical Performance Products LLC	Liquid Acidified Aluminum Sulfate	140 T.	\$ 261.71 per ton	N/A
General Chemical Performance Products LLC	Liquid Aluminum Sulfate	681 T.	\$ 244.00 per ton	N/A
Kemiron Companies, Inc.	Ferric Chloride	742 T.	\$ 429.00 per ton	\$ 372.60
Pioneer Americas LLC	Sodium Hypochlorite	1,704 T.	\$ 149.90 per ton	\$ 160.76
NALCO Company	Reverse Osmosis Antiscalant	5,000 Gal.	\$ 0.01550 per 1,000 gal. processed	\$10.681/lb

Vendor	Chemical	Quantity	Unit Price	Last Year
RFQ 2892				
Hill Brothers Chemical Co.	Aqua Ammonia	200 T.	\$ 768.15 per ton	\$ 641.59
Solvay Fluorides LLC	Hydrofluosilicic Acid	230 T.	\$ 318.00 per ton	\$ 189.25
BOC Gases	Carbon Dioxide	275 T.	\$ 87.00 per ton	\$ 77.50
BOC Gases	Liquid Oxygen	140 T.	\$ 0.570 per h.c.f.	\$ 0.315

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, as described above.

The motion was passed by the following vote:

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

5.4* AUTHORIZATION OF PURCHASE ORDER FOR REPORT DEVELOPMENT SOFTWARE

The District currently utilizes different software reporting tools to query multiple data bases. These report writing applications require a high level of technical knowledge to use and are limited in their functionality. One of the short-term goals shared by all departments at the District is to standardize on one easy to use reporting tool across multiple data sources.

Staff has been evaluating a suite of report writing software tools from Business Objects that will provide the variety of functionality needed by the District. Business Objects is the market leader in business intelligence software. Business intelligence typically refers to the processes for collecting and analyzing business information, including the technology used in these processes. Preferred Strategies is an authorized reseller and education partner of Business Objects. Many of the pre-built templates and samples contained in the report writing software were exclusively designed by Preferred Strategies for integration with JD Edwards databases. Preferred Strategies is also recognized by Business Objects as the experts for JD Edwards / Enterprise One application users. Staff has been working closely with Preferred Strategies to evaluate the software through a number of customized demonstrations using the District’s data and terminology. They have become very familiar with the District’s databases, file structures and reporting requirements.

Major functions and features supported by the report development software include:

- Data security and integrity
- Integration across multiple databases
- Drill down to source data
- Data selection at run time

- Graphical representation of data
- Ease of use
- Ad hoc reporting
- Automated scheduling and report distribution

Some of the projects that will be implemented with this reporting tool include graphical representations of expense versus budget comparisons of multi-year capital improvement projects and operating expense accounts, and the conversion of existing water quality laboratory reports. The total cost for the suite of report writing software tools is \$100,727 plus applicable taxes. These costs include software licensing fees, one year of maintenance, custom training, custom report design services for existing and new reports, and installation and configuration services. Additional hardware will be required that will be purchased separately at a cost of \$16,900, plus applicable taxes. There is sufficient funding in the FY 06/07 budget for this project.

A motion was made by Director Lampert, seconded by Director Gunther, to 1) authorize a purchase order to Preferred Strategies for report development software in an amount not to exceed \$100,727, plus applicable taxes, and 2) authorize the General Manager to execute a services agreement.

The motion was passed by the following vote:

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

5.5* RESOLUTION ESTABLISHING FY 06/07 APPROPRIATIONS LIMIT

In 1979 Article XIII B was added to the State Constitution. The article requires the District to adopt an annual appropriations limit for determining the maximum amount of appropriations less allowable exclusions that can be made from tax proceeds each year. The article also provides for an annual adjustment of the Appropriations Limit.

Each year the Board must decide, by recorded vote, to choose the greater of growth in California per capita income or the increase in nonresidential assessed valuation from new construction within the District for the inflation factor, and the greater of growth in population within the County or the District for the population factor.

For FY 06/07 the greater inflation factor is the increase in California per capita personal income (3.96%). The greater factor for population is the growth within the County (0.66%).

After applying these factors and allowing for adjustments, the District's Appropriations Limit for FY 06/07 is computed at \$48,893,992, which is a 4.7% increase from the previous year. The balance of the District's tax proceeds which are subject to the appropriations limit are estimated at \$13,833,602. The appropriations limit will thus as usual have no effect on the District's revenues.

By motion, (1) adopt the use of growth in California per capita personal income as the inflation factor, and the year-to-year population growth of the County as the population factor in determining the FY 06/07 Appropriations Limit and (2) adopt a resolution establishing the Appropriations Limit

for FY 06/07 at \$48,893,992.

A motion was made by Director Lampert, seconded by Director Gunther, to 1) adopt the use of growth in California per capita personal income as the inflation factor, and the year-to-year population growth of the County as the population factor in determining the FY 06/07 Appropriations Limit and 2) adopt a resolution establishing the Appropriations Limit for FY 06/07 at \$48,893,992.

RESOLUTION NO. 06-047

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ESTABLISHING APPROPRIATIONS LIMIT FOR FY 06/07

The motion was passed by the following vote:

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

5.6 POLICY FOR SERVICE PRIORITY FOR DEVELOPMENTS WITH HOUSE
AFFORDABLE TO LOWER INCOME HOUSEHOLDS TO COMPLY WITH SB 1087

Mr. Shaver reported that SB 1087 (Florez), became effective January 1, 2006. This new law requires agencies that provide water service to adopt, on or before July 1, 2006, a policy (i) barring the denial or the conditioning of approval of an application for water services, or reducing the amount of the services applied for by a proposed development that includes housing units affordable to lower income households except in limited circumstances, and (ii) granting priority for the provision of water services to proposed developments that include housing units affordable to lower income households. The law requires that this policy and related procedures be re-adopted every five years.

Staff has drafted a written policy to comply with the law's July 1, 2006 statutory deadline. The policy states that in the absence of water service limitations due to supply, capacity or regulatory constraints, the District will not deny or condition the provision of water services, or reduce the amount of services applied for on the behalf of any development, whether or not the development includes housing units affordable to lower income households. However, in the event new water service connections are restricted, priority of new services would be provided to developments that include housing units affordable to lower income households. Application of this priority status would be based upon an engineering and planning analysis which would include all developments proposed at that time and would be approved by the Board on a case-by-case basis. The policy provides for re-adoption concurrent with Board adoption of the District's Urban Water Management Plan every five years.

A motion was made by Director Lampert, seconded by Director Gunther, to adopt a resolution approving and adopting the Alameda County Water District Policy for Service Priority for Developments with Housing Affordable to Lower Income Households.

RESOLUTION NO. 06-048

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING POLICY FOR SERVICE PRIORITY FOR DEVELOPMENTS WITH
HOUSING AFFORDABLE TO LOWER INCOME HOUSEHOLDS TO COMPLY
WITH SB 1087

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

- Operations & Water Quality Meeting of June 7, 2006: (1) Report on 36” Transmission Main Flushing Project. Directors Koller and Gunther commended District staff on a job well done in flushing the 36” main.
- Engineering & Capital Projects Meeting of June 13, 2006: (1) Niles Square Draft Remedial Action Plan; (2) Green Street Bridge Water Main Extension; (3) Draft Policy to Comply with SB 1087

6.2 OPERATIONAL REPORTS

- Investment Report

6.3 STAFF REPORTS - None

6.4 GENERAL MANAGER'S REPORTS

- Mr. Piraino advised the Board that the District’s 2005 Water Quality Report was out and residents should be receiving it shortly. Discussion ensued and staff responded to questions from the Board.
- Mr. Piraino informed the Board that he sent an e-mail to the Assembly Local Government Committee opposing Senate Bill 1317 (Torlakson). The bill would affect new property tax revenues that would be allocated to a special district if an electrical substation or generation facility was developed within the same county.

President Huang adjourned the meeting for a five minute recess at 6:25 p.m. The meeting reconvened at 6:30 p.m.

7 - DIRECTORS' COMMENTS AND/OR AGENDA ITEM REQUESTS

- Director Koller read a letter he submitted to the Senate Committee of Local Government supporting Assembly Bill 2435 which would remove county oversight of the Santa Clara Valley Water District.
- Director Lampert advised that he e-mailed the question of “how would a local public agency best attain passage of legislation and having it signed into law by the Governor?” to the Sacramento Bee columnist, Dan Walters, and he summarized Mr. Walters’ response.

President Huang adjourned the meeting to a Closed Session at 6:40 p.m. for a conference on the following items:

- 8.1 Public Employee Performance Evaluation Pursuant to Government Code Section 54957
 - Title: General Manager

The meeting reconvened at 7:23 p.m. Director Huang stated that, with respect to Item 8.1, the Board evaluated the performance of the General Manger.

There being no further business to come before the Board, the meeting was adjourned at 7:25 p.m.

Gina Markou, District Secretary

Attest:

Arthur Lampert, Vice President