

September 14, 2006
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on September 14, 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, Acting Operations Manager Doug Chun, Water Resources Planning Manager Eric Cartwright, Water Supply Supervisor Laura Hidas, Project Engineering Manager Steve Peterson, Attorney Ray McDevitt, and District Secretary Gina Markou.

President Judy Huang presided.

Acting Operations Manager Doug Chun led in the Salute to the Flag.

3 - PUBLIC COMMENTS – None

4 - CONSENT CALENDAR

A motion was made by Director Lampert, seconded by Director Weed, to remove Items 4.3 and 4.4 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 August 10, 2006
- 4.2 Ratification of Payment of Audited Demands dated August 11, August 18, August 25, September 1, and September 8, 2006
- 5.1 Authorization of Purchase Order for Environmental Consulting Services for the Bunting Pond Fish Screen and Kaiser Pond Lateral and Spillway Project
- 5.2 Authorization of Change Order for Headquarters Electrical Upgrade Work
- 5.3 Resolution Authorizing Actions Related to the Deferred Compensation Committee
- 5.4 Resolution Setting Amount to be Collected for Certain FY 06/07 Property Taxes

- 5.5 Resolution Appointing the Bay Area Water Supply and Conservation Agency as the Authorized Representative of the Alameda County Water District in Discussions/Negotiations with San Francisco for an Agreement to Provide a Reliable Supply of High Quality Water at a Fair Price

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 APPROVING AND AUTHORIZING EXECUTION OF CONTRACT WITH PANCAL KENITA L.P. EXTENSION OF WATER MAIN, TRACT 7576, REF. T-1469

Mr. Piraino advised the Board that Director Gunther would have to excuse himself from the meeting since he owns property in proximity to the particular development that is under consideration. Director Gunther left the meeting at 6:04 P.M.

A motion was made by Director Lampert, seconded by Director Weed to approve staff's recommendation to adopt a resolution approving and authorizing execution of contract with PanCal Kenita, L.P. Extension of Water Main, Tract 7576, Ref. T-1469.

RESOLUTION NO. 06-062

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT BETWEEN
ALAMEDA COUNTY WATER DISTRICT AND PANCAL KENITA, L.P., FOR
EXTENSION OF WATER MAIN, TRACT 7576, REF. T-1469

The motion was passed by the following vote:

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

Director Gunther returned to the meeting at 6:05 P.M.

- 4.4 AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR PREPARATION OF DASSEL ROAD PARCEL MAP

Mr. Piraino advised the Board that Director Koller would have to excuse himself from the meeting since he owns property in potential proximity to the property that is under consideration. Director Koller left the meeting at 6:05 P.M.

A motion was made by Director Lampert, seconded by Director Weed to approve staff's recommendation authorizing the purchase order amendment for preparation of Dassel Road Parcel Map.

The motion was passed by the following vote:

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

Director Koller returned to the meeting at 6:06 P.M.

5.1* AUTHORIZATION OF PURCHASE ORDER FOR ENVIRONMENTAL CONSULTING SERVICES FOR THE BUNTING POND FISH SCREEN AND KAISER POND LATERAL AND SPILLWAY PROJECT

On March 23, 2006, staff informed the Board that the District has partnered with other Bay Area regional water agencies to develop an Integrated Regional Water Management Plan (IRWMP) to improve water supply reliability and to protect water quality in the San Francisco Bay Area region. The Bay Area IRWMP agencies collectively submitted an application to the Department of Water Resources (DWR) for a Proposition 50, Chapter 8 grant in the amount of \$25 million to fund a package of projects that are either ready or near ready to proceed with implementation. The District's portion of the request for grant funding is \$1.2 million for fish passage facilities and includes: 1) the installation of a fish screen on the existing Bunting Pond diversion intake structure; and 2) the construction of Kaiser Pond modifications, including construction of a spillway and a buried pipeline lateral from the District's existing Alameda Creek Pipeline No. 1. A key requirement of Proposition 50, Chapter 8 is that projects must have completed the California Environmental Quality Act (CEQA) process prior to execution of a grant contract (anticipated in April 2007).

Because the Bunting Pond Fish Screen and Kaiser Pond modifications are common to all of the currently-considered concepts for fish passage facilities within Alameda Creek, staff recommends performing the CEQA work at this time. This will allow the District to take advantage of the Proposition 50, Chapter 8 grant, if awarded. Additionally, completion of the CEQA work may put the District in an advantageous position in the event other grant opportunities materialize.

Accordingly, the District requested a proposal from Hanson Environmental, Inc. (Hanson Environmental) to prepare CEQA documents for the Bunting Pond Fish Screen and Kaiser Pond Lateral and Spillway Project. The scope of work includes preparation of an initial study and mitigated negative declaration, written responses to agency and public comments, and the services of a biologist to perform a field reconnaissance survey. Hanson Environmental's estimated cost for the work on a time and expense basis is \$41,100. Staff has reviewed the estimate and finds it reasonable for the scope of work to be performed. There is adequate funding in the budget for this expenditure. Hanson Environmental satisfactorily performed similar CEQA work for the District's Alameda Creek Pipeline No. 1 Fish Screen and Lago Los Osos Pipeline Projects.

A motion was made by Director Lampert, seconded by Director Gunther to 1) authorize a purchase order to Hanson Environmental, Inc. for environmental consulting services in an amount not to exceed \$41,100 for the Bunting Pond Fish Screen and Kaiser Pond Lateral and Spillway Project, Job No. 6323; and 2) authorize the General Manager to execute a services agreement with Hanson Environmental, Inc. for this work.

The motion was passed by the following vote:

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

5.2* AUTHORIZATION OF CHANGE ORDER FOR HEADQUARTERS ELECTRICAL UPGRADE WORK

Over the years, the District has periodically installed computer servers needed to support new hardware and software applications. It is part of the FY 06/07 plan to install additional servers in the Headquarters computer room to accommodate several new software applications (e.g., Crystal Reports, Local Area Network monitoring and management, and updates to the District's Geographic Information System). To provide power to the new servers, additional electrical distribution capacity (i.e., electrical circuits) is required. Staff has performed an evaluation of the existing electrical distribution system and has determined that the system should be expanded by adding two electrical panels and multiple electrical receptacles. The proposed expanded electrical system is sized to accommodate future hardware needs and is configured to provide electrical connections from two separate circuits to each server for improved reliability.

Smith and Sons Electrical, Inc. (Smith & Sons) is currently performing work for the District on a time and expense basis to complete the electrical portion of the WTP No. 2 Dedicated Filter-to-Waste project and the estimated value of the contract is \$24,684.

To expedite the installation of the additional electrical distribution capacity in the Headquarters computer room, Smith & Sons can perform the work under the existing WTP No. 2 Dedicated Filter-to-Waste Electrical Work contract. The work would be performed on a time and expense basis to maximize project scheduling flexibility (and minimize potential disruptions to District staff) while the computer room is in service.

Smith & Sons has satisfactorily performed similar work for the District in the past. Staff's estimate for the electrical installation work is \$30,850. Since it was not apparent that the electrical modification work was needed until after the completion of the FY 06/07 budget, a reserve appropriation in the amount of \$35,000 is needed to cover the electrical installation work, and District contract administration and inspection costs.

A motion was made by Director Lampert, seconded by Director Gunther to 1) authorize a reserve fund appropriation in the amount of \$35,000; and 2) authorize Change Order No. 1 in the amount of \$30,850 for WTP No. 2 Dedicated Filter-to-Waste Electrical Work, Job 6173.

The motion was passed by the following vote:

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

5.3* RESOLUTION AUTHORIZING ACTIONS RELATED TO THE DEFERRED
COMPENSATION COMMITTEE

In January 1999, the Board adopted Resolution 99-011 that included the designation of a Deferred Compensation Committee to act as trustees for the District's deferred compensation plan. The Committee was comprised of the General Manager, Finance and Administration Manager, Senior Financial Analyst and Senior Human Resources Analyst.

In May 2000, the Board of Directors adopted Resolution 00-023 indemnifying the Deferred Compensation Committee members since they could potentially be held personally liable for service provided in administering the deferred compensation program.

One member of the Deferred Compensation Committee has had a change in job title from Senior Financial Analyst to Financial Services Manager, and since the four Committee members were defined in Resolution 99-011 by job title only, an update needs to be done to redefine the Committee members. Resolution 99-011 is proposed to be rescinded and replaced with a new resolution to implement this redefinition. The new resolution will include language to facilitate administration by eliminating the need for formal action by the Board when the composition of the Deferred Compensation Committee changes due to succession of any of the incumbents by other individuals as a result of retirement, resignation, other termination of service, or change in employment position.

To consolidate related Deferred Compensation Committee actions, it is also proposed that Resolution 00-023 be rescinded and the indemnification clauses contained therein be reconfirmed in the proposed new Committee member definition resolution. These clauses indemnify, hold harmless and defend each member of the Committee from any liabilities arising out of such membership on the Committee or out of any act or omission of the member or any other Committee member during the performance of their Committee duties, except in the case of such member's willful misconduct.

The proposed resolution will also provide for certain administrative actions including annual deferred compensation plan status reports to the Administrative and Finance Committee and written notification from the General Manager to the Board for any changes in Committee membership.

A motion was made by Director Lampert, seconded by Director Gunther to adopt a resolution to: 1) update the composition of the Deferred Compensation Committee, 2) indemnify, hold harmless and defend the District's Deferred Compensation Committee members in the performance of their committee duties, except for willful misconduct, 3) provide for various administrative actions, and 4) rescind Resolution 99-011 and 00-023.

RESOLUTION NO. 06-063

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
MODIFYING THE ROLE OF THE DEFERRED COMPENSATION COMMITTEE AND
RATIFYING INDEMNIFICATION OF MEMBERS OF THE COMMITTEE

The motion was passed by the following vote:

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

5.4* RESOLUTION SETTING AMOUNT TO BE COLLECTED FOR CERTAIN FY 06/07
PROPERTY TAXES

Beginning in Fiscal Year 1978/79 and each year thereafter, the Board of Directors has levied a tax for payment of the groundwater portion of the District's State Water Contract Costs.

The amount of funding required this fiscal year to fund the groundwater portion of the State Water Contract cost is \$2,079,438. This amount must be reported to the Alameda County Auditor so that it can be collected on the FY 06/07 property tax rolls. The amount required is based upon cost projections provided by the State of California Department of Water Resources and is less than the \$2,308,072 amount estimated in the FY 06/07 budget due to adjustments for actual tax collections during FY 05/06 and the actual State Water Contract cost payments in FY 05/06.

A motion was made by Director Lampert, seconded by Director Gunther to adopt a resolution setting the amount of taxes to be collected for FY 06/07 to pay the State Water Contract costs at \$2,079,438.

RESOLUTION NO. 06-064

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
SETTING AMOUNT TO BE RAISED BY TAXATION FOR GROUND WATER
DIVISION'S PAYMENTS TO THE STATE WATER PROJECT FOR FISCAL
YEAR 06/07

The motion was passed by the following vote:

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

5.5* RESOLUTION APPOINTING THE BAY AREA WATER SUPPLY AND
CONSERVATION AGENCY AS THE AUTHORIZED REPRESENTATIVE OF
ALAMEDA COUNTY WATER DISTRICT IN DISCUSSIONS/NEGOTIATIONS
WITH SAN FRANCISCO FOR AN AGREEMENT TO PROVIDE A RELIABLE
SUPPLY OF HIGH QUALITY WATER AT A FAIR PRICE

ACWD is one of the 28 members of the Bay Area Water Supply and Conservation Agency

(BAWSCA). In the early 1980's, the Bay Area Water Users Association (BAWUA), a voluntary coalition of the regional wholesale customers of San Francisco, took the lead in the negotiations which led to the 1984 Master Water Sales Contract between all BAWSCA agencies and San Francisco. This master agreement, under which BAWSCA water districts and cities receive Hetch Hetchy water, is the result of those negotiations. The 1984 Master Contract will expire after 25 years, in June 2009.

BAWSCA is the legal and political successor to BAWUA. BAWSCA's governing board is comprised primarily of elected officials from each member agency. Member agencies have expressed a desire for BAWSCA to play a similar role (as in the 1980's) in negotiations for a new agreement with San Francisco. BAWSCA will provide this service to all member agencies who so request it and who provide the necessary authorization. While BAWSCA will provide a strong central voice in negotiating the new master agreement with San Francisco, final signature authority will remain with each member agency. Individual member agencies will also be responsible for negotiating the terms of their individual water supply contracts, all but two of which will expire in June 2009 as well. A resolution authorizing BAWSCA to negotiate on ACWD's behalf has been prepared and includes provisions for keeping the District informed on the status of discussions and negotiations. The authorization continues in effect until revoked by the ACWD Board of Directors, and confers no authority on BAWSCA to enter into any contract with San Francisco or to make any commitments legally binding on the District.

A motion was made by Director Lampert, seconded by Director Gunther to approve the resolution authorizing BAWSCA to serve as the District's authorized representative in discussions/negotiations with San Francisco for a new Master Water Sales Contract.

RESOLUTION NO. 06-065

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT APPOINTING THE BAY AREA WATER SUPPLY AND CONSERVATION AGENCY AS AUTHORIZED REPRESENTATIVE OF DISTRICT IN DISCUSSIONS/NEGOTIATIONS WITH SAN FRANCISCO FOR AN AGREEMENT TO PROVIDE A RELIABLE SUPPLY OF HIGH QUALITY WATER AT A FAIR PRICE

The motion was passed by the following vote:

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

5.6 AUTHORIZATION TO EXECUTE A MEMORANDUM OF UNDERSTANDING TO FUND A PORTION OF THE ARROYO DE LA LAGUNA STREAMBANK RESTORATION PROJECT

The Alameda County Resource Conservation District (ACRCD) is in the process of implementing the Arroyo de la Laguna Streambank Restoration Project, a collaborative effort involving local, state and federal agencies, organizations, landowners and special interest groups, which will employ various bank stabilization processes designed by the National Resource Conservation Service (NRCS) along a 1000-foot section of severely eroding streambank on the Arroyo de la Laguna, the main tributary to Alameda Creek. The goals of the project are to reduce erosion, thus improving water quality and enhancing wildlife habitat.

The Arroyo de la Laguna Streambank Restoration Project is located along a severely eroding stretch of the Arroyo owned by the San Francisco Public Utilities Commission (SFPUC), adjacent to Foothill Road near the Pleasanton Ridge Staging Area, downstream of the Verona Bridge. The project will demonstrate several stream biotechnical and bioengineering practices for potential application to other reaches of the Arroyo, while reducing streambank erosion and downstream sedimentation and improving riparian habitat in the project area. Project design is complete, and project permitting is being coordinated through the NRCS. SFPUC is the main project partner (\$334,000); other participating partners include the Dublin San Ramon Services District (\$112,000), County of Alameda – Road Fund (\$50,000), and Zone 7 Water Agency (\$50,000 plus in-kind services for outreach). NRCS is also providing \$84,000 in funding through the Wildlife Habitat Improvement Program for the project. Current funding will be used for construction and administration; additional funds could be used for these activities, and for monitoring, maintenance, re-vegetation, and outreach.

The eroding banks of the Arroyo are a known source of significant silt loading and turbidity in Alameda Creek. In addition, streambank erosion in the Arroyo near Verona Bridge has resulted in a need for frequent recalibration of the Arroyo de la Laguna at Verona USGS stream gage, which is extremely important to the operation of ACWD's recharge facilities. The techniques being demonstrated in this project have the potential to be used along other reaches of the Arroyo to help remedy these problems, while providing improved riparian habitat, in future phases of work. Based on these potential future benefits, and the opportunity this project provides to demonstrate ACWD's continued commitment to on-the-ground source water protection activities and project cooperation in the Alameda Creek Watershed, staff recommends providing a \$10,000 contribution to the project through execution of a Memorandum of Understanding with the ACRCO to become a project partner. Adequate funds have been budgeted for this expenditure in FY 06/07. This item was reviewed with the Operations/Water Quality Committee on September 6, 2006.

Water Supply Supervisor Laura Hidas, presented a brief overview of the project to the Board and staff responded to questions from the Board.

A motion was made by Director Lampert, seconded by Director Gunther authorizing the General Manager to sign a Memorandum of Understanding with the Alameda County Resource Conservation District to provide a \$10,000 contribution to the Arroyo de la Laguna Streambank Restoration Project.

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 August 2, 2006: (1) Review of Environmental Working Group Report (2) Review of Proposed EPA Lead and Copper Rule Modifications

- Engineering & Capital Projects Meeting of August 8, 2006: (1) Status of the MSJWTP Upgrade Project (2) City Pavement Overlay and Roadway Reconstruction Projects
- Water Resources Planning Meeting of August 16, 2006: (1) Alameda Creek Fisheries Update (2) Update on Delta Outreach Activities (3) SFPUC Water Supply Improvement Program Update
- Administrative & Finance Meeting of August 22, 2006: (1) Award of Excellence in Procurement (2) FY 06/07 Property Tax Requirements (3) Phone Charge/E-Bill Update (4) Property and Liability/Workers Compensation Credit Incentive Program (CIP)
Director Lampert complimented staff in earning the maximum 15% credit which resulted in premium savings of almost \$140,000. Mr. Piraino reported that we were recently notified that the District won the McMurchie Excellence in Safety Award that is given by the California Special Districts Association. A plaque will be awarded to the Safety & Health Officer on September 27, 2006, at their annual meeting.
- Legal & Legislative Meeting of August 30, 2006: (1) Review of Legislation (2) Review Communication to Central Valley Regional Water Quality Control Board – City of Stockton Sewage Spill into San Joaquin River (3) Review of Communication to City and County of San Francisco on Notice of Preparation, New Irvington Tunnel Project

6.2 OPERATIONAL REPORTS

- Quarterly Budget & Expense Report
- Annual FY Employee Reimbursement Required by AB 1542 (UMBERG)
- Annual Meter Installation Report
- Annual Dwelling Unit Report
- Investment Report

President Huang reopened Public Comments at 6:23 P.M. Muriel Schuck of 36659 Bishop Street, Newark addressed the Board stating that she had a rental property located at 36574 Spruce Street in Newark and previously had an interim water agreement but now was being charged a \$31 account establishment field charge and wanted to know when the policy had been changed and why she hadn't been notified. Mr. Ligh explained to Mrs. Schuck that the policy had been changed a year ago and all property owners on records had been sent notification by mail. Director Lampert suggested that Mr. Ligh contact Mrs. Schuck during normal business hours to resolve the matter. Public comments were closed at 6:27 P.M.

6.3 STAFF REPORTS

- Alameda Creek Pipeline No. 1 Fish Screen Project Overview and Implementation Approach – Project Engineering Manager Steve Peterson gave a presentation to the Board. Discussion ensued and staff responded to questions from the Board. The Board will be further updated at the October Board Meeting.

Director Weed left the meeting at 6:45 P.M.

- Update on SFPUC Water Supply Briefing With Bay Area Water Stewards – Mr. Piraino stated Water Resources Planning Manager Eric Cartwright and Senior Water Resources Engineer Thomas Niesar, Bay Area Water Supply and Conservation Agency staff and legal counsel will attend the briefing. Experts from various groups will be discussing the planning assumptions underlying the SFPUC’s water supply improvement plan and sharing their experiences regarding conservation and alternative water supplies.
- Update on Delta Public Outreach Project – Mr. Piraino reviewed a handout with key messages about the importance of Delta water supply to the Bay Area that will be for internal agency use as well as board member use. Mr. Piraino also referred to a media outreach flyer entitled Bay Area Reliance on Delta Water which should be going to press fairly soon, and which will then be distributed to opinion makers and newspapers in the Bay Area and Sacramento. Director Lampert requested that the Board be kept informed about meetings with the media on this matter.

6.4 GENERAL MANAGER'S REPORTS

- Mr. Piraino reminded the Board of the October 5th Dedication Ceremony for the Quarry Lakes Barrier Free Fishing Pier which is being hosted by the East Bay Regional Park District. Director Huang will provide comments on the District’s behalf.
- Mr. Piraino also advised the Board that the District’s former Finance Manager Andrew Geraghty passed away. Mr. Geraghty was the Finance Manager all through the 1980’s until 1992.

7 - DIRECTORS' COMMENTS AND/OR AGENDA ITEM REQUESTS

- Director Koller inquired regarding the recent study by the Department of Water Resources on the feasibility of tearing down O’Shaunessy Dam in Hetch Hetchy Valley.

There being no further business to come before the Board, the meeting was adjourned at 7:15 P.M.

Gina Markou, District Secretary

Attest:

Judy Huang, President