

December 14, 2006  
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on December 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 Bob Shaver, Finance and Administration Manager Will Ligh, Operations Manager Karl Stinson, Water Resources Planning Manager Eric Cartwright, Sr. Water Resources Engineer, Thomas Niesar, Project Engineering Supervisor Anna Lloyd, Attorney Ray McDevitt, and District Secretary Gina Markou.

President Judy Huang presided.

Norma Hoshide led in the Salute to the Flag.

- OATH OF OFFICE BY Re-elected Directors - Mr. Piraino stated that Section 23556 of the California Elections Code requires each elected Director to take an Oath of Office. On November 7, 2006, Judy Huang and Arthur Lampert, were re-elected as Directors of the Alameda County Water District. The District Secretary administered the Oath of Office to the re-elected Directors.
- Norma Hoshide and Vickie Behrens were presented with Letters of Appreciation honoring their retirement in which they have worked together as a team for 20 years both at Contra Costa Water District and at the Alameda County Water District.

3 - PUBLIC COMMENTS – B.J. Bunting, long-time resident of Fremont, wished the Board a Merry Christmas and congratulated Director Huang and Director Lampert on their reelection. Mr. Bunting also expressed that he hopes the Board Meetings will revert back to being held twice a month.

#### 4 - CONSENT CALENDAR

A motion was made by Director Lampert to remove Item 4.4 from the Consent Calendar, seconded by Director Gunther, and to add Items 5.2 through 5.4 to the Consent Calendar. Director Weed advised that he would not be voting on Item 4.4.

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 November 9, 2006
- 4.2 Ratification of Payment of Audited Demands dated November 9, November 17, and December 1, 2006
- 4.3 Resolution Approving and Authorizing Execution of Contract with Mission Peak Homes, Inc, Extension of Water Main, Tract 7422, Ref. T-1471

RESOLUTION NO. 06-080

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT BETWEEN  
ALAMEDA COUNTY WATER DISTRICT AND MISSION PEAK HOMES, INC,  
FOR EXTENSION OF WATER MAIN, TRACT 7422, REF. T-1471

- 4.5 Resolution Amending FY 06/07 Personnel Budget to Retain Senior Human Resources Analyst Classification

RESOLUTION NO. 06-081

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
AMENDING FY 06/07 PERSONNEL BUDGET

- 5.2 Authorization of Purchase Order for the Cleaning of Distribution Storage Facilities
- 5.3 Authorization of Purchase Order for Consulting Services for Phase 1 Alameda Creek Fisheries Flow Studies and Cost Sharing Agreements with Study Partners
- 5.4 Authorization of Purchase Order for Pipeline Design Services Required for Newark Desalination Facility Expansion

The motion was passed by the following vote:

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

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

- 4.4 RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF CONTRACT WITH OHLONE COMMUNITY COLLEGE DISTRICT, EXTENSION OF WATER MAIN, REF. T-1474
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Mr. Piraino advised the Board that Director Weed has decided to excuse himself from the meeting since he is also a Trustee of Ohlone Community College District. Director Weed left the Board Room at 6:23 P.M.

A motion was made by Director Lampert, seconded by Director Gunther to approve and authorize

execution of a water main extension contract with Ohlone Community College District.

RESOLUTION NO. 06-082

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT BETWEEN  
ALAMEDA COUNTY WATER DISTRICT AND OHLONE COMMUNITY  
COLLEGE DISTRICT, FOR EXTENSION OF WATER MAIN, REF. T-1474

The motion was passed by the following vote:

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

5.1 REORGANIZATION OF BOARD OF DIRECTORS

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Mr. Piraino indicated that Section 30520 of the California Water Code provides that the Directors shall elect one of their number President and may elect one of their number Vice President.

Pursuant to Resolution 1871, adopted December 10, 1970, this election is held at the first regular Board meeting in December each year. The Directors who are elected President and Vice President assume office at the close of the meeting at which they are elected.

A motion was made by Director Gunther, seconded by Director Koller, to adopt the following resolution electing Director Lampert as President of the Board:

RESOLUTION NO. 06-083

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
ELECTING DIRECTOR ARTHUR LAMPERT PRESIDENT OF THE BOARD  
OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT

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 Gunther, seconded by Director Koller, to adopt the following resolution electing Director Weed as Vice President of the Board:

RESOLUTION NO. 06-084

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
ELECTING DIRECTOR JOHN WEED VICE PRESIDENT OF THE BOARD  
OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT

The motion was passed by the following vote:

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

#### 5.5 RESOLUTION ADOPTING THE BAY AREA INTEGRATED REGIONAL WATER MANAGEMENT PLAN

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Mr. Cartwright reported that Bay Area water management agencies have recently completed a Bay Area Integrated Regional Water Management Plan (Bay Area IRWMP, or Plan). The overall objectives of the Bay Area IRWMP are to foster coordination among Bay Area water management agencies, achieve greater efficiencies and build public support for project funding, and improve regional competitiveness for project funding. Completion of the Plan is required for grant funding under Proposition 50, Chapter 8, and may also be required for grant funding through Proposition 84. ACWD has participated in the development of the Plan through the Bay Area Water Agencies Coalition.

The Bay Area IRWMP outlines the region's water resources management needs and objectives, and presents strategies and a detailed implementation plan to achieve these objectives. The Plan is focused on four water resources management areas: (1) water supply and water quality; (2) wastewater and recycled water; (3) flood protection and stormwater management; and (4) watershed management, habitat protection, and restoration. The Plan does not require a commitment on the part of local agencies to implement any or all of the Plan's recommended projects. Rather, implementation of proposed projects will be at the discretion of local agencies through their own planning process. However, adoption of the Plan is a requirement in order for an agency to receive grant funding through Proposition 50. Several Bay Area agencies have recently adopted the Bay Area IRWMP, including Zone 7 Water Agency, Santa Clara Valley Water District and East Bay Municipal Utility District.

Director Koller expressed concerns regarding the governance structure contained in the Bay Area Integrated Regional Water Management Plan and how elected officials would be included in the governance structure. He also expressed concern over the potential implications for water agencies of adopting the plan and requested that workshop on the plan be held prior to consideration for adoption. Discussion ensued and staff responded that the plan, including governance structure, will continue to evolve over time, that there would no doubt be changes to the governance structure to incorporate oversight by policy makers, and that the primary objective of plan is to provide the required structure to qualify for the next round of Proposition 50, Chapter 8, funding, as well as for grant funding set aside for regions with adopted IRWMP's in the recently approved Proposition 84.

A motion was made by Director Gunther, seconded by Director Weed, to adopt a resolution approving the Bay Area Integrated Regional Water Management Plan.

RESOLUTION NO. 06-085

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
ADOPTING THE SAN FRANCISCO BAY AREA INTEGRATED REGIONAL  
WATER MANAGEMENT PLAN

The motion was passed by the following vote:

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

5.6 RESOLUTION AWARDING CONTRACT FOR ALAMEDA CREEK PIPELINE NO. 1  
FISH SCREEN PROJECT

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Mr. Shaver reported that on September 14, 2006, staff briefed the Board on the implementation approach for the Alameda Creek Pipeline No. 1 Fish Screen Project. Staff also explained that it previously evaluated eight (8) different fish screen types and determined that the self-cleaning, retractable, rotating, cylindrical wedgewire fish screens, designed and manufactured by Intake Screen, Inc. (ISI) of Sacramento, California best meets the District's needs. A request for proposal was subsequently issued to ISI to design, fabricate, install, and commission fish screens for the Alameda Creek Pipeline No. 1 Fish Screen Project.

On November 3, 2006, ISI submitted a comprehensive cost proposal in the amount of \$722,910 for the District's consideration. ISI's proposal was evaluated by staff and determined to be in compliance with the District's requirements. Also included in ISI's proposal are control enhancements that will provide more operational flexibility than originally specified. One of the additional control features will allow individual fish screen units to stay in service should a single fish screen unit fail. References were checked and it was confirmed that ISI has the necessary qualifications and experience to perform the work. ISI has been in the contracting business under its present name for 11 years and successfully constructed similar fish screens in California for the City of Redding and Reclamation District 999 of Clarksburg. The engineer's estimate for the work is \$768,350. There is adequate funding in the project budget for this expenditure.

A motion was made by Director Lampert, seconded by Director Gunther, to adopt a resolution to award the contract for Alameda Creek Pipeline No. 1 Fish Screen Project to Intake Screens, Inc., in the amount of \$722,910, which is the total of the unit price and lump sum bid items, Job 6279.

RESOLUTION NO. 06-086

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO INTAKE  
SCREENS, INC, FOR JOB 6279

The motion was passed by the following vote:

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

#### 5.7 PRESENTATION OF ALAMEDA COUNTY WATER DISTRICT AUDIT FOR FY 05/06

Mr. Ligh reported that the Board of Directors, on March 10, 2005, authorized execution of a three-year agreement for financial audit services with the firm of Caporicci & Larson. This year's audit is the second year of the three-year agreement.

Caporicci & Larson completed its audit of the District's financial records for the fiscal year ended June 30, 2006. This audit, which was conducted in accordance with generally accepted auditing standards, included a review of the accounting principles used by the District, as well as a review of various financial transactions and the District's system of internal controls. The auditors have completed their review and the following four documents are submitted for the Board's review:

- Independent Auditor's Report

This letter states that based upon the auditors review, the District was, as of June 30, 2006, in compliance with the required financial agreements and covenants included in the 1998 and 2003 debt issues.

- Appropriations Limit Schedule and Independent Accountants' Report

This report indicates that no discrepancies were found in the process followed for calculating the annual Appropriations Limit.

- Recommendations to Management

This report is typically referred to as the 'Management Letter' and is the means by which the auditor communicates to the Board of Directors and management any comments or recommendations regarding the District's accounting and internal control procedures. The auditor noted no areas of weakness in internal control but did include one recommendation for further consideration. The recommendation is that the District reconciles the Construction in Progress (CIP) account before the audit by identifying capital and non-capital items. Staff concurs with this recommendation and will perform the CIP reconciliation prior to their audit in addition to providing supporting documentation that will separately identify the capital and non-capital items.

- Comprehensive Annual Financial Report

This report provides information on the District's operating and financial activities for the fiscal year ended June 30, 2006. The Introductory Section provides an overview of the District and describes significant events and accomplishments for the last fiscal year. The Financial Section of the report includes an unqualified audit opinion which indicates that the financial statements fairly represent the financial position of the District and that the results of the District's operations are reported in conformity with generally accepted accounting principles. In addition, the Financial Section of the report provides an analysis of the District's financial performance during the previous two fiscal years and presents the District's audited financial statements, including a Statement of Net Assets (balance sheet), Statement of Activities and Changes in Net Assets (income statement) and a Comparative Statement of Cash Flows for the fiscal year ended June 30, 2006. Finally, the Statistical

Section of the report provides key historical financial data.

The auditor reviewed the above reports with the Administrative & Finance Committee on November 28, 2006. The presentation booklet which the auditor reviewed with the Administrative & Finance Committee is also included.

A motion was made by Director Gunther, seconded by Director Weed, to accept the Audited Financial Statements and accompanying reports for the fiscal year ended June 30, 2006.

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 November 1, 2006: (1) Closure of Sims Park Update
- Engineering & Capital Projects Meeting of November 14, 2006: (1) Existing Water Service to Tract 4057 (Sabercat Ranch Estates); (2) Water Service to New Developments
- Water Resources Planning Meeting of November 15, 2006: (1) Bay Area Integrated Regional Water Management Plan; (2) Status Report on the 10-year Review of the Integrated Resources Planning Study; (3) Alameda Creek Fisheries Update
- Administrative & Finance Meeting of November 28, 2006: (1) Review of FY 05/06 Financial Audit; (2) Review of Human Resources Division Professional Series Classifications

### 6.2 OPERATIONAL REPORTS

- Rainfall Report
- Investment Report
- Quarterly Budget & Expense Report

### 6.3 STAFF REPORTS

- Integrated Resources Planning Study: 10-Year Review was presented by Thomas Niesar.
- Distribution System Seismic Study Scope of Work was presented by Anna Lloyd.

#### 6.4 GENERAL MANAGER'S REPORTS

6.4.1. Annexation No. 103 - Mr. Piraino advised that this is a joint ACWD and Union Sanitary District (USD) annexation, with USD acting as the lead agency. On November 14, Alameda County LAFCo staff advised the annexation would be conditional on both ACWD and USD indemnifying LAFCo against any legal challenges arising from the annexation. This was a new requirement which neither district had ever experienced in prior annexations and appears to be selectively applied by LAFCo staff. Due to concerns over the potential legal and policy implications of this condition, both ACWD and USD have requested that LAFCo withdraw the annexation applications from consideration at the LAFCo January 11, 2007 meeting, in order to allow additional time for this matter to be satisfactorily resolved. Mr. Piraino recommended that a joint letter providing further elaboration on the districts' concerns, and signed by the Board Presidents, be submitted to LAFCo. The Board concurred with this approach and reiterated their concerns regarding LAFCo's indemnification requirement.

#### 7 - DIRECTORS' COMMENTS AND/OR AGENDA ITEM REQUESTS

- Directors Weed and Gunther reported on the Association of California Water Agencies semi-annual conference, which they both attended from December 5 – 8, 2006. Issues discussed included: the Hands Across the Border program, recycled water permitting, Bay-Delta solutions and anadromous species recovery plans currently under development by the National Marine Fisheries Service.
- Director Koller referenced the November Operations & Water Quality Committee minutes regarding plans to close the Sims Park area in Niles Canyon.
- Director Lampert requested an update on the Delta Outreach effort to Bay Area media and decision makers that is being pursued by the three South Bay Aqueduct contractors. He also requested that Director Weed provide an update on Bay Area Water Supply and Conservation Agency Activities. Director Weed advised that he will be attending an upcoming meeting on the Contract Initiation Committee relating to the renegotiation of the Master Water Sales Agreement with San Francisco. Director Lampert also requested an update from Mr. Shaver regarding a presentation he recently attended on global warming and its impact on future water supply.

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President Huang adjourned the meeting to a Closed Session at 8:53 P.M. for a conference on the following item:

8.1 Conference with Legal Counsel – Anticipated Litigation (Signification Exposure to Litigation Pursuant to Government Code Section 54956.9(b): One Case

President Huang reconvened the meeting at 9:05 P.M. and advised that the Board received a report from legal counsel and staff regarding proposed settlement agreements with Dublin San Ramon Services District/East Bay Municipal Utilities District Recycled Water Authority (DERWA) and

with Dublin San Ramon Services District (DSRSD).

9. POSSIBLE ACTION TO APPROVE SETTLEMENT AGREEMENTS WITH DUBLIN SAN RAMON SERVICES DISTRICT/EAST BAY MUNICIAP UTILITIES DISTRICT RECYCLED WATER AUTHORITY (DERWA) AND DUBLIN SAN RAMON SERVICES DISTRICT

Mr. Piraino recommended that the Board take action to approve the proposed settlement agreement with DERWA, which provides that DERWA will pay a lump sum amount of \$1.9 million to the Alameda County Water District for mitigation for salt loading impacts of the DERWA recycled water project. He also recommended, in light of this settlement with DERWA, that the Board take action to approve the proposed settlement agreement with DSRSD terminating the Memorandum of Understanding between ACWD and DSRSD on Alameda Creek Water Quality Issues.

Director Lampert made a motion, seconded by Director Gunther, to approve the settlement agreement with DERWA and DSRSD as proposed.

The motion was passed by the following vote:

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

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There being no further business to come before the Board, President Huang adjourned the meeting at 9:07 P.M., handing the ceremonial gavel over to incoming President Lampert.

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Gina Markou, District Secretary

Attest:

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Judy Huang, President