

February 8, 2007  
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on February 8, 2007 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 Weed (arrived at 6:05 PM), Gunther, Huang, Koller, and Lampert

Staff members present: General Manager Paul Piraino, Engineering Manager Bob Shaver, Finance and Administration Manager Will Ligh, Operations Manager Karl Stinson, Hydrogeologist Doug Young, Attorney Pat Miyaki, and Assistant District Secretary Andrew Joseph.

President Arthur Lampert presided.

Altarine Vernon led in the Salute to the Flag.

3 - PUBLIC COMMENTS - Ms. Wynn Grcich a resident of Union City addressed the Board regarding a service line leak in front of a house she owns at 5072 Amberwood Dr, Fremont and over the use of chloramines in the treatment of water. Ms. Grcich requested the Board conduct a study on the pipes in the Ardenwood area of Fremont to determine the cause of the service line leaks, and submitted written materials to the Board.

Mr. Piraino introduced Bonnie Roland-Williams to the Board as the new Senior Human Resources Analyst in the Human Resources Division. Ms. Roland-Williams previously worked 15 years for East Bay Municipal Utility District where she spent the last five years as their Workers Compensation Administrator. Ms. Roland-Williams also held positions at East Bay Municipal Utility District managing their operating expense budget and as a Human Resources Analyst. Ms. Roland-Williams holds a masters degree in public administration from Cal State East Bay and holds an undergraduate degree from San Francisco State.

The Board of Directors welcomed Ms. Roland-Williams.

#### 4 - CONSENT CALENDAR

A motion was made by Director Lampert to add Items 5.1, 5.2 and 5.4 to the Consent Calendar, seconded by Director Koller.

The motion was passed by the following vote:

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

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

- 4.1 Approval of Minutes – Regular Meeting of January 11, 2007
- 4.2 Ratification of Payment of Audited Demands dated January 5, January 12, January 19, January 26, and February 2, 2007
- 4.3 Resolution Amending FY 06/07 Personnel Budget to Reflect Salary Range Adjustment – General Facilities Supervisor

RESOLUTION NO. 07-004

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

- 5.1 Authorization of Purchase Order for Water Treatment Plant No. 2 Solids Removal Equipment Replacement
- 5.2 Resolution Approving Statement of Investment Policy
- 5.4 Authorization of Contract Change Order No. 1 and Reserve Fund Appropriation Request for Irvington 48-Inch Bypass Piping and Outlets

The motion was passed by the following vote:

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

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

5.1\* AUTHORIZATION OF PURCHASE ORDER FOR WATER TREATMENT PLANT NO. 2  
(WTP NO. 2) SOLIDS REMOVAL EQUIPMENT REPLACEMENT

The Board of Directors approved funds in the current budget for the purchase of replacement equipment for the WTP No. 2 solids removal system.

This is the first year of a multi-year project to replace the sedimentation basin vacuum sludge removal system with new equipment that will reduce maintenance and operational costs. The present system is mounted underwater and consists of a water operated vacuum mounted on rails. The vacuum is driven by air operated components connected with tubing in an umbilical cord. It is these components that need to be replaced annually and on average, one or two units will develop leaks, requiring the basin to be taken out of service and the components replaced. The Leopold system that was selected will allow the use of the existing track mounted vacuum with an above water mounted cable drive system that will be easier to operate and maintain. The Leopold system is the only alternative drive system for the TracVac solids removal system. Since the original budget item was prepared in FY05/06, costs have increased for the equipment. A reserve appropriation in the amount of \$7,358 is needed to cover the additional costs.

A motion was made by Director Lampert, seconded by Director Koller, to 1) authorize a reserve appropriation in the amount of \$7,358 and 2) authorize a purchase order to F.B. Leopold Company c/o D.C. Frost Company in the amount of \$91,443 for TracVac replacement equipment.

The motion was passed by the following vote:

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

5.2\* RESOLUTION APPROVING STATEMENT OF INVESTMENT POLICY

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The investment of public funds is governed by Section 53600 of the California Government Code which specifies the types of investments permitted and identifies investment objectives as well as reporting requirements. One of the provisions of the Government Code is that the legislative body of a public agency must annually approve a statement of investment policy. The Board of Directors last approved the District's Investment Policy on February 9, 2006.

During the past year, there have been two minor modifications to the section of the Government Code which governs the investment of public funds. These modifications include: 1) an increase in the maximum percentage of investments in Medium Term Corporate Notes from 15% to 30% of the District's total surplus funds, and 2) an increase in the maximum percentage of investments in Commercial Paper from 15% to 25% of the District's total surplus funds. Implementation of these changes will bring the District's investment policy into compliance with the updated California Government Code. The Statement of Investment Policy is attached to the enabling resolution as Exhibit A. The Administrative and Finance Committee, on January 23, 2007, reviewed the District's current Investment Policy and concurred with staff's proposed revisions. In accordance with the provisions of the California Government Code which require the annual approval of an investment policy, it is recommended that the current policy, as amended, be approved for the next twelve month period.

A motion was made by Director Lampert, seconded by Director Koller, to adopt a resolution approving a Statement of Investment Policy.

RESOLUTION NO. 07-005

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
APPROVING STATEMENT OF INVESTMENT POLICY

The motion was passed by the following vote:

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

### 5.3 AUTHORIZATION OF CONTRACT CHANGE ORDER NO. 3 FOR NORTHWEST AND SOUTHWEST NILES CONE MONITORING WELLS PROJECT

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Mr. Shaver introduced Mr. Young who gave a presentation before the Board.

Mr. Young explained that the purpose of the Northwest and Southwest Niles Cone Monitoring Wells Project is to obtain a better understanding of the aquifers along the western edge of ACWD's boundary. A major portion of the project's funding comes from two Local Groundwater Management Assistance Program grants that were previously awarded to ACWD from the California Department of Water Resources. The project's original scope of work included the installation of ten monitoring wells along active and former salt evaporation pond levees on State and Federal wildlife refuge properties. Two wells are located within the northwest portion and eight wells (two locations) are within the southwest portion of the Niles Cone Groundwater Basin. On October 13, 2005, the Board awarded the contract to Maggiora Bros. Drilling, Inc. in the amount of \$404,850 for this work.

Drilling operations began on November 11, 2005, and the two monitoring wells in the northwest portion of the basin were completed prior to the January 31, 2006, permit deadline (permit conditions only allowed field activities between September 1 and January 31 due to nesting activities of endangered species). Two additional monitoring wells were added to the project and completed to evaluate potential sources of water for the Newark Desalination Facility Phase 2 project (the Board previously approved two change orders in the amounts of \$50,000 and \$55,425 for these wells). Drilling activities were initiated again on September 4, 2006, in the southwest portion of the basin and five monitoring wells were completed. At this time, ten of the twelve previously authorized wells have been completed.

Change Order No. 3 in the amount of \$219,000 has been prepared for the following work requested by the District:

- 1) Installation of a Deep Aquifer monitoring well instead of a Newark Aquifer monitoring well (\$32,200): While drilling the pilot boring at the first southwest location, an additional Deep Aquifer zone was documented. This Deep Aquifer zone is consistent with the water-bearing zone that is planned to be used by the EBMUD Bayside Project. Therefore, staff determined that it would be more prudent to install a deep monitoring well at this location in lieu of a Newark Aquifer monitoring well at the second southwest location. The change order item reflects the cost to install a deeper than planned monitoring well.
- 2) Installation of a conductor casing (\$4,800): The second proposed southwest drill site location was changed due to concerns about localized flooding during high tide conditions in the salt pond area.

A new location was selected within the City of Fremont right-of-way along the south side of Auto Mall Parkway. To accommodate the new location, a conductor casing was installed to prevent potential subsidence of soil underlying Auto Mall Parkway.

- 3) Installation of four additional monitoring wells near Mowry Wellfield (\$182,000): Four additional monitoring wells are needed to investigate elevated concentrations of chlorides in the Fremont Aquifer near the Mowry Wellfield. All four drill sites are within City of Fremont right-of-way. The contractor has agreed to install the additional monitoring wells at the original contract unit costs. Staff will be making a presentation to the Board on this topic at the February 8 Board Meeting.

The contractor has requested a 281 calendar day time extension due to access limitations associated with wet field conditions on the levees and access roads (57 days), the actual time that was needed to install the monitoring wells included in Change Order Nos. 1 and 2 (89 days), relocation of a drilling site to Auto Mall Parkway with associated permit activities (15 days), and the addition of four proposed monitoring wells (120 days). The initial contract was scheduled to be completed within 300 days. There are no additional costs for the extension of the contract completion schedule.

Staff has reviewed the request for time extension and the cost for the additional work and determined that they are fair and reasonable. The remaining budget for monitoring well construction projects will cover \$129,000 of the estimated \$219,000 in change order costs. Therefore, a reserve appropriation of \$90,000 will be required.

Mr. Young responded to questions from the Board regarding possible reasons for the elevated chloride levels in the Fremont Aquifer. Mr. Young further explained that elevated chloride levels have not been detected in any of the District's production wells. Because there are no data points in the area where four wells are proposed to be installed, the monitoring wells will provide information that will allow staff to evaluate the extent of chloride that was detected in the Beacon and Hastings monitoring wells. The wells will be located at 1) Centerville Park, behind Washington High, 2) along BART Way, behind Civic Center Drive, 3) Noll Park, near Walters Junior High and 4) next to Center Church of the Nazarene off Mowry Avenue, north of Blacow Road.

Further discussion ensued and staff responded to questions from the Board.

A motion was made by Director Koller, seconded by Director Huang, to 1) authorize a reserve appropriation of \$90,000; 2) approve Change Order No. 3 in the amount of \$219,000; and 3) grant a time extension of 281 calendar days to Maggiora Bros. Drilling, Inc. for the Northwest and Southwest Niles Cone Monitoring Wells Project, Jobs 6269 and 6217.

The motion was passed by the following vote:

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

5.4\* AUTHORIZATION OF CONTRACT CHANGE ORDER NO. 1 AND RESERVE FUND APPROPRIATION REQUEST FOR IRVINGTON 48-INCH BYPASS PIPING AND OUTLETS

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The construction contract for the Irvington 48-inch Bypass Pipeline and Outlets project was awarded to McGuire & Hester on July 13, 2006, for \$1,778,440. This project is included in the Settlement and Utility Cost Sharing Agreement (Agreement) between the District, the City of Fremont (City), and BART. The District's share of the direct construction cost is \$626,737. Construction is approximately 65% complete.

Change Order No. 1 has been prepared for the following items: 1) additional work to remove a concrete-encased pumping ell assembly on the existing 48-inch pipeline (\$24,079); and 2) reduced work due to the deletion of temporary 18-inch bypass piping and 26-inch steel casing pipe from the construction contract (-\$87,805). The net cost of Change Order No. 1 is a decrease to the contract in the amount of \$63,726.

McGuire & Hester submitted a request for a time extension of four (4) calendar days due to the additional pumping ell assembly removal work. District staff has reviewed McGuire & Hester's request and has confirmed the Contractor is entitled to the time extension in accordance with the contract documents.

Pursuant to the Agreement between the District, the City, and BART, the District is required to establish an escrow account to receive payments from BART and the City. To establish and administer the account, escrow instructions need to be written and agreed to by BART, the City, District staff and legal counsel, and the District's bank (Bank of the West). Due to the complex terms of the agreement, multiple review iterations of the instructions have been required. Staff is anticipating that the instructions will be finalized shortly and the escrow account will be established by the end of February 2007. However, the warrant for the January progress payment for construction needs to be issued during mid-February and there may be a temporary shortfall of budgeted funds in the amount of \$500,000. Therefore, a reserve fund appropriation in the amount of \$500,000 is requested to temporarily cover all parties' share of the direct construction costs until the escrow account is established. Once the account is established, BART and the City will make payments and the \$500,000 will be transferred back to District reserves.

A motion made by Director Lampert, seconded by Director Koller, to 1) approve Change Order No. 1 in the amount of a decrease of \$63,726; 2) authorize a temporary reserve fund appropriation in the amount of \$500,000; and 3) grant a four (4) calendar day extension for the completion of the Irvington 48-inch Bypass Pipeline and Outlets, Job 6221.

The motion was passed by the following vote:

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

## 6 - REPORTS

### 6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of January 3, 2007: (1) Initial Distribution System Evaluation (IDSE) Monitoring Plan
- Engineering & Capital Projects Meeting of January 9, 2007: (1) City of Fremont Grade Separations Project Update, (2) Overview of Proposed Dumbarton Quarry Park, (3) Status of Annexation No. 103, Vincent Wong, Tract 7114
- Water Resources Planning Meeting of January 17, 2007: (1) Update on Alameda Creek Fishery Restoration Efforts
- Administrative & Finance Meeting of January 23, 2006: (1) Quarterly Review of Claims, (2) Quarterly Review of Investment Portfolio, (3) Annual Review of Investment Policy, (4) Job Classification Review
- Legal & Legislative Meeting of January 24, 2007: (1) Review of Federal and State Legislation

### 6.2 OPERATIONAL REPORTS

- Rainfall Report
- Quarterly Well Level Report
- Quarterly Projects Review – Mr. Shaver updated the Board on the status of the Mission San Jose Water Treatment Plant Process Upgrades project. Fifty-five replacement membrane cartridges have now arrived and will be installed in the near future. District staff has compiled a comprehensive data package for the advisory panel that will advise District staff regarding issues at MSJWTP. There is a group meeting scheduled with the panel for February 22, 2007.

Mr. Shaver briefed the Board on the Alameda Creek Fish Screen Project public outreach effort to review the purpose for the project and to advise surrounding neighbors, trail users and local public agencies of the construction schedule and anticipated temporary impacts. A public meeting is scheduled for February 27, 2007 at Niles Elementary in Fremont to discuss the project. In addition to a press release, invitations will be mailed to residences and businesses near the project site and a sign will be posted along the trail area to inform trail users of the project.

Further discussion ensued and staff responded to questions from the Board.

Director Lampert expressed interest in a future presentation regarding the Headquarters Expansion Project, Phase 2.

- Quarterly Directors' Expense Report

- Investment Report
- Quarterly Personnel Report

6.3 STAFF REPORTS - None

6.4 GENERAL MANAGER'S REPORTS

- 2007 Water Supply Update – Mr. Stinson presented to the Board the Annual Water Supply and Demand Forecast. It was reported that ACWD is projected to have sufficient supplies to meet demands even though snow and rain levels are currently below average.

Director Weed asked at what point a drought might be declared, requiring additional conservation measures. Mr. Stinson replied that State Water Project allocation would have to be below 40%, which is unlikely to happen.

7 - DIRECTORS' COMMENTS AND/OR AGENDA ITEM REQUESTS

- Director Weed informed the Board he attended a Water Utility Climate Change Summit sponsored by the SFPUC. He informed the Board that according to the projections brought up at the summit, tide conditions in the San Francisco Bay could be three feet higher by the end of the century, potentially impacting future projects. For purposes of planning, he stated that we should take this into consideration now.
- Director Weed also informed the Board that he will be attending the Association of California Water Agencies conference in Washington, DC the week of February 12, 2007.
- Director Lampert informed the Board about an item he spoke to Mr. Piraino about ensuring that staff presents the Board with a rate increase recommendation for 2008 at the time that the FY 07/09 biannual budget and 25-year Capital Improvement Program update are adopted in June 2007. Mr. Piraino advised that this could be done, based on existing conditions and projections as of June 2007, and subject to further changes that might occur after the close of the fiscal year.

Further discussion ensued and Mr. Piraino responded to questions from the Board.

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There being no further business to come before the Board, President Lampert adjourned the meeting at 7:25 P.M.

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Andrew Joseph, Assistant District Secretary

Attest:

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Arthur Lampert, President