

June 7, 2007
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on June 7, 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 Gunther (arrived at 6:08 P.M.), Huang, Koller, and Lampert
Absent: Director Weed

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, Public Education Specialist Frank Jahn, Attorney Ray McDevitt and Assistant District Secretary Andrew Joseph.

President Arthur Lampert presided.

Gerry Nakano led in the Salute to the Flag.

3 - PUBLIC COMMENTS - None

SPECIAL PRESENTATION

- Presentation by Zone 7 Water Agency – Stream Management Master Plan- Zone 7 General Manager, Jill Duerig provided the Board a brief overview of the presentation and introduced Zone 7 Project Manager, Carol Mahoney and consultant, Gerry Nakano. Ms. Mahoney and Mr. Nakano presented the project StreamWISE (Water Improvements Supporting the Environment) to the Board. The StreamWISE program implements Zone 7's Stream Management Master Plan (SMMP), which provides flood protection to the Livermore-Amador Valley in an environmentally friendly, cost-effective manner. Funds necessary to implement the SMMP Projects will be paid in part by developer fees. The remainder will be funded using a combination of state and federal grants, partnerships with other agencies and a public funding component. Discussion ensued and Ms. Mahoney and Mr. Nakano responded to questions by the Board.

4 - CONSENT CALENDAR

A motion was made by Director Lampert, seconded by Director Koller to add Items 5.1 through 5.16 to the Consent Calendar.

The motion was passed by the following vote:

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

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 May 3, 2007
- 4.2 Ratification of Payment of Audited Demands dated May 4, May 11, May 18, May 25 and June 1, 2007
- 4.3 Resolution Approving and Authorizing Execution of Contract with KB Home South Bay, Inc., Extension of Water Main, Ref. T-1484

RESOLUTION NO. 07-022

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT BETWEEN
ALAMEDA COUNTY WATER DISTRICT AND KB HOME SOUTH BAY, INC.,
FOR EXTENSION OF WATER MAIN, REF. T-1484

- 5.1 Authorization of Purchase Order for the Reuse of Water Treatment Plant Solids
- 5.2 Authorization of Purchase Order for the Transportation of Water Treatment Plant Solids
- 5.3 Authorization of Purchase Orders for Water Treatment Plant Chemicals
- 5.4 Authorization of Change Orders and Resolution Accepting Completion of PT-4 and PT-6 Pump Houses
- 5.5 Authorization of Purchase Order for District Security Guard Services
- 5.6 Authorization of Purchase Order Amendment for Engineering Services for Mission San Jose Water Treatment Plant Process Upgrades
- 5.7 Resolution Accepting Completion of WTP No. 2 Dedicated Filter-To-Waste Mechanical Work
- 5.8 Resolution Concurring with the Petition for the Annexation of Territory (Annexation No. 105, East Bay Regional Park District, Dry Creek Pioneer Regional Park)
- 5.9 Renewal of Workers' Compensation Insurance with the Special Districts Risk Management Authority for Fiscal Year 07/08
- 5.10 Renewal of Property and Liability Insurance Coverage for Fiscal Year 07/08
- 5.11 Resolution Establishing Fiscal Year 07/08 Appropriations Limit
- 5.12 Resolution Adopting Budget for Fiscal Years 07/08 and 08/09 and Adopting 25- Year Capital Improvement Program

Minutes – June 7, 2007

- 5.13 Resolution Approving Statement of Reserve Fund Policy
- 5.14 Resolution Supporting Nomination of Director Weed to Association of California Water Agencies Region 5 Council Chair
- 5.15 Resolution Supporting Nomination Jerry Ledbetter as a Member of the Special District Risk Management Authority Board of Directors
- 5.16 Resolution Supporting Comprehensive State Water Package

The motion was passed by the following vote:

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

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 solids removed from the District's two water treatment plants. The factors for determining which landfill to utilize include: 1) the cost for disposing solids (price per ton); 2) landfill availability during adverse weather conditions; 3) the cost of testing solids for regulatory environmental compliance; 4) regulatory permit fees; and 5) transportation costs.

The District currently has a contract with Republic Services, Inc., of Livermore, California, for the disposal of solids at its Vasco Road Landfill. The District has utilized the Vasco Road Landfill for the last 14 years and the current agreement with Republic Services will expire on June 30, 2007.

Republic Services currently charges the District \$18.25 per ton of solids delivered at the Vasco Road Landfill for reuse as an "alternative daily cover." For FY 07/08, Republic Services' price for solids disposal is \$25 per ton. This change in rate is a 37% increase in the unit price over last year's unit price and represents an approximate increase of \$12,150 in the annual cost for disposing solids at the Vasco Road Landfill. The total annual estimated cost for FY 07/08 is \$45,000 based on 1,800 tons of solids. Republic Services has stated the increase in the unit price for the disposal of solids is due to additional fees charged by the County of Alameda and because of an increase in operating costs, including fuel costs. When all factors are considered, Republic Services' Vasco Road Landfill remains the least overall cost for the disposal of solids from the District's two water treatment plants. There are adequate funds in the FY 07/08 budget for this expenditure.

A motion was made by Director Lampert, seconded by Director Huang, to authorize a purchase order to Republic Services, Inc., for the disposal and reuse of solids from the District's two water treatment plants for FY 07/08.

The motion was passed by the following vote:

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

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

Funds are authorized each year for the hauling of solids removed from the District's two water treatment plants. The solids from Water Treatment Plant No. 2 (WTP2) are created from a mechanical dewatering process (filter press) and are transported on a regular basis to a landfill. The solids from the Mission San Jose Water Treatment Plant (MSJWTP) are created from drying solids in drying beds and are removed and transported on an annual basis to a landfill. Additional contractual services included in the scope of work consist of the mixing and turnover of solids at the MSJWTP drying beds to facilitate the drying of solids and having a vacuum truck available to transport solids from WTP2 during emergencies and plant outages.

The District currently has a solids transportation agreement with Alhambra Environmental Services, Inc., of El Sobrante, California. Alhambra has been satisfactorily providing solids transportation services for the District for the last ten years.

The current agreement was originally authorized by the Board in spring 2005 and contained provisions for extending the contract for two additional 12-month periods. The first option to extend the contract was exercised by the District in May 2006 and will expire on June 30, 2007 unless it's extended for a second time.

Because Alhambra has proposed maintaining its hourly rate for transporting solids at the same rate (\$75 per hour) as it currently charges the District, staff recommends exercising the second and last 12-month option for renewing the contract with Alhambra. Adequate funds have been allocated to cover this expense in the FY 07/08 budget.

A motion was made by Director Lampert, seconded by Director Huang, authorizing a purchase order to Alhambra Environmental Services, Inc., for the transport of solids from the District's two water treatment plants for FY 07/08.

The motion was passed by the following vote:

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

5.3* AUTHORIZATION OF PURCHASE ORDERS FOR WATER TREATMENT PLANT CHEMICALS

Funds are authorized each year for the purchase of chemicals used for water treatment. Purchase orders for chemicals listed below will be awarded for a 12-month period beginning July 1, 2007, with an option to renew for three additional years. Purchase agreements will be reviewed on a yearly basis to consider whether agreements should be extended an additional year. The evaluation will consider both economic factors and the level of service provided, including compliance with contract requirements.

Requests for quotations were sent to 91 vendors for a total of 19 different water treatment chemicals. The District received and opened 34 bids on May 16, 2007. All bids were checked arithmetically and for compliance with the bidding requirements.

Sierra Chemical Co, of Sparks, Nevada, submitted the lowest bid for bulk deliveries of sulfuric acid (Item 17 below) and for small quantities of sulfuric acid (Item 18 below). However, Sierra Chemical's proposal did not meet the heavy metal content limitations for both Items 17 and 18. Additionally, the second low bidder for Item 18, Basic Chemical Solutions, of Santa Fe Springs, California, failed to submit the required chemical analysis data sheet.

Due to these irregularities, legal counsel has advised staff that the bids received by Sierra Chemical and Basic Chemical Solutions are non-responsive.

The second low bidder for Item 17 is J.R. Simplot Co., of Lathrop, California. There were no

irregularities noted in J.R. Simplot's proposal. Only two bids were received for Item 18 and both bids had irregularities. Because of the small quantities required for Item 18, staff recommends purchasing this chemical on an as-needed basis in the coming year instead of requesting authorization for a 12-month purchase agreement.

The total composite cost of the 18 chemicals listed below (excluding Item 18) is \$1,354,000 based on the estimated annual usage rate. There is adequate funding included in the FY 07/08 budget for this expenditure.

The lowest responsive bidders for each chemical are as follows:

Item No.	Vendor	Chemical	Estimated Quantity	Unit Price For FY 07-08	Last Year's Unit Price
1	Hill Brothers Chemical Co.	Aqua Ammonia	200 T.	\$ 785.23 per dry ton	\$ 768.15
2	Penco Inc.	Hydrofluosilicic Acid	265 T.	\$ 1,823.91 per dry ton	\$ 1,382.61
3	BOC Gases	Carbon Dioxide	200 T.	\$ 173.00 per ton	\$ 87.00
4	Bay Chemical and Supply Co.	Citric Acid (powder) in 50 lb bags	2,000 Lbs.	\$ 1.25 per pound	N/A
5	Brenntag Pacific Inc.	Citric Acid (bulk liquid)	1,600 Gals.	\$ 4.15 per gallon	N/A
6	UNIVAR	Powdered Activated Carbon	60 T.	\$ 0.7054 per pound	\$ 0.52
7	Basic Chemical Solutions	Liquid Caustic Soda (25%)	135 T.	\$ 411.47 per dry ton	\$ 456.80
8	Basic Chemical Solutions	Liquid Caustic Soda (50%)	1,800 T.	\$ 360.55 per dry ton	\$ 459.90
9	General Chemical Performance Products LLC	Liquid Acidified Aluminum Sulfate	300 T.	\$ 268.71 per dry ton	\$ 261.71
10	General Chemical Performance Products LLC	Liquid Aluminum Sulfate	1,360 T.	\$ 269.00 per dry ton	\$ 244.00
11	Pioneer Americas LLC	Sodium Hypochlorite	1,790 T.	\$ 136.00 per wet ton	\$ 149.90
12	Kemira Water Solutions, Inc.	Ferric Chloride	1,375 T.	\$ 469.00 per dry ton	\$ 429.00
13	NALCO Company	Reverse Osmosis Antiscalant	4,000 Gal.	\$ 0.0119 per 1,000 gal. processed	\$ 0.01550
14	SNF Polydyne	Cationic Polymer (bulk liquid)	55 T.	\$ 1,270.00 per ton (Clarifloc C-318)	\$ 1,380.00
15	Ashland Inc.	Anionic Polymer in one ton totes	5 T.	\$ 1,340.00 per ton (Praestol A3040LTR)	\$ 1,820.00
16	Ashland Inc.	Nonionic Polymer in 55 gallon drums	4 Drums	\$ 283.50 per drum (Praestol N3100LTR)	\$ 423.15
17	J.R. Simplot Company	Sulfuric Acid (Bulk Deliveries for NDF)	200 T.	\$ 76.50 per ton	\$ 76.50
18	None	Sulfuric Acid (200-250 gallons per load for MSJWTP)	1,000 Gal.	None	\$ 2.45
19	UNIVAR	Calcium Hypochlorite (tablets)	2,000 Lbs.	\$ 2.73 per pound	\$ 2.65

A motion was made by Director Lampert, seconded by Director Huang, to: 1) reject the low bids from Sierra Chemical Co. and Basic Chemical Solutions, and 2) authorize purchase orders to furnish and deliver the various treatment chemicals for FY 07/08 as described above.

The motion was passed by the following vote:

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

5.4* AUTHORIZATION OF CHANGE ORDERS AND RESOLUTION ACCEPTING COMPLETION OF PT-4 AND PT-6 PUMP HOUSES

On March 9, 2006, the Board awarded the construction contract for PT-4 and PT-6 Pump Houses to T.E. Services for \$118,194. The work consisted of the construction of two concrete pads and the fabrication and installation of two steel and wood framed pump houses.

Change Orders 1 and 2 in the amounts of \$5,185 and \$2,111 respectively have been prepared to cover the cost for additional work requested by the District associated with the construction of the concrete pad for PT-4. The total project cost, including the two change orders is \$125,490. The final cost represents an increase of \$7,296 (6.2%) of the awarded contract amount. The contract work was completed on April 24, 2007.

A motion was made by Director Lampert, seconded by Director Huang, to: 1) approve Change Orders 1 and 2 in the amounts of \$5,185 and \$2,111 respectfully; and 2) adopt a resolution accepting completion of PT-4 and PT-6 Pump Houses, Job 6281, Agreement No. 3470.

The motion was passed by the following vote:

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

5.5* AUTHORIZATION OF PURCHASE ORDER FOR DISTRICT SECURITY GUARD SERVICES

The District has historically contracted with three (3) separate security guard service vendors to provide daily patrol and alarm response services for the following locations:

- (1) Alameda Creek recharge facilities
- (2) District treatment, production, and distribution system facilities (18 locations)
- (3) District headquarters facility

The aggregate cost of all three contracts in FY06/07 totaled \$143,889. All contracts will expire on June 30, 2007. To reduce the administrative demand of managing three contracts overall costs, all three areas of patrol were combined into one contract and recently advertised for proposal.

A Request for Proposal (RFP) for the combined security patrol and alarm response services was issued on April 26, 2007. The RFP required bidders to present initial fiscal year services pricing

with the stipulation that the contract could be renewed for up to three additional years if conditions and services were satisfactory to both the District and the contractor. Seven proposals were received by the May 17, 2007 due date. All of these proposals were determined to be responsive and acceptable. The seven bidder proposals received are summarized as follows:

Atlas Security Services	\$105,167.75
First Alarm Security & Patrol	\$131,031.90
Strategic Security Services	\$159,432.90
U.S. Security Associates	\$163,516.17
Orion Security	\$183,540.73
American Discount Security	\$200,214.04
A&K Security Inc.	\$339,526.00

The lowest bidder proposal, Atlas Security Services, is one of the District's current security guard contractors and their performance has met or exceeded District expectations. Their proposal received in the amount of \$105,167.75 meets all requirements and represents a \$38,721.25 reduction of annual costs for District security guard services. Staff has conducted a review to verify Atlas' ability to provide the equipment and personnel specified by the combined services RFP. References provided by their existing clients further indicate this vendor is both competent and highly regarded.

A motion was made by Director Lampert, seconded by Director Huang, authorizing a purchase order to Atlas Security Services in an amount not to exceed \$105,167.75 for security guard services to be rendered for FY 07/08 with a yearly option to renew for a maximum of three (3) additional years.

The motion was passed by the following vote:

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

5.6* AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR ENGINEERING SERVICES FOR MISSION SAN JOSE WATER TREATMENT PLANT PROCESS UPGRADES

On February 22, 2007, District staff convened an Advisory Panel of seven experts and one facilitator to provide both short-term and long-term recommendations to improve the performance of the Mission San Jose Water Treatment Plant. The short-term recommendations are presently being implemented. The panel identified four potential long-term options; however, the final long-term recommendations will be significantly influenced by the relative costs of the four options.

To develop conceptual costs estimates of the four potential long-term options, staff requested a cost proposal from Camp, Dresser and McKee, Inc. (CDM). CDM was chosen based upon their participation on the Advisory Panel, their knowledge of the treatability of South Bay Aqueduct Water, and their understanding of the District's two surface water treatment plants. CDM submitted a proposal in the amount of \$66,620 to perform the work. Staff evaluated the proposal and has determined that the estimated level of effort and cost for the work is appropriate.

On May 3, 2007, staff consulted with the Board and subsequently authorized CDM to immediately begin work on the cost estimates for long-term options in an amount not to exceed \$25,000. To complete the cost estimates, a purchase order amendment is required in an amount of \$41,620 for the balance of the work. There is adequate funding in the budget for this expenditure.

A motion was made by Director Lampert, seconded by Director Huang to: 1) authorize an amendment to the existing CDM purchase order in the amount of \$41,620 for a total amount not to exceed \$66,620; and 2) authorize the General Manager to execute a services agreement, Job 5920.

The motion was passed by the following vote:

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

5.7* RESOLUTION ACCEPTING COMPLETION OF WTP NO. 2 DEDICATED FILTER-TO-WASTE MECHANICAL WORK

On May 25, 2006, the Board awarded a Time and Expense construction contract for the WTP No.2 Dedicated Filter-To-Waste Mechanical Work to Pacific Mechanical Corporation in an amount not to exceed \$124,000. The purpose of the project was to 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 consisted 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 was performed while the plant was in operation, a time-and-expense contract approach was used as the most cost-effective way to flexibly schedule the work and to minimize disruptions to the operation of the plant.

All work was substantially complete on May 14, 2007, and the final cost was \$93,679.63. There is adequate funding in the budget for this expenditure.

A motion was made by Director Lampert, seconded by Director Huang, to adopt a resolution accepting completion of the contract for the WTP No. 2 Dedicated Filter-to-Waste Mechanical Work, Job 6173.

RESOLUTION NO. 07-024

**OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING COMPLETION OF CONTRACT NO. 3476, PACIFIC
MECHANICAL CORPORATION, JOB 6173**

The motion was passed by the following vote:

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

ABSENT: Director Weed

5.8* RESOLUTION CONCURRING WITH THE PETITION FOR THE ANNEXATION OF TERRITORY (ANNEXATION NO. 105, EAST BAY REGIONAL PARK DISTRICT, DRY CREEK PIONEER REGIONAL PARK)

East Bay Regional Park District (EBRPD) has requested water service to a portion of the Dry Creek Pioneer Regional Park, located at the easterly end of May Road in Union City. Because the park is outside ACWD's current water service boundaries, annexation is required as a condition of water service. EBRPD is acting as the applicant for the annexation and has requested ACWD's concurrence with their application for annexation. The total area to be annexed is approximately 62.9 acres.

An ACWD resolution concurring with the proposed annexation is required in order to initiate the annexation process with the Alameda County Local Agency Formation Commission. EBRPD's annexation application has been reviewed by Staff.

A motion was made by Director Lampert, seconded by Director Huang, to adopt a resolution concurring with EBRPD's proposal to annex a portion of the Dry Creek Pioneer Regional Park into ACWD, and directing the District Secretary to file a certified copy of the resolution with the Alameda County Local Agency Formation Commission.

RESOLUTION NO. 07-025

CONCURRING WITH THE PETITION FOR THE ANNEXATION OF TERRITORY (ANNEXATION NO. 105, EAST BAY REGIONAL PARK DISTRICT, DRY CREEK PIONEER REGIONAL PARK)

The motion was passed by the following vote:

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

5.9* RENEWAL OF WORKERS' COMPENSATION INSURANCE WITH THE SPECIAL DISTRICTS RISK MANAGEMENT AUTHORITY FOR FISCAL YEAR 07/08

California State Law requires every employer to have and maintain Workers' Compensation Insurance for all employees who may be injured on the job. This insurance provides for no-fault coverage including medical treatment, temporary total disability, and permanent disability for an injured worker.

The District in the past has contracted with the State Compensation Insurance Fund (SCIF) and with Liberty Mutual Insurance. The Special Districts Risk Management Authority (SDRMA) is the District's current insurer. SDRMA is a Joint Powers Insurance Authority (JPIA) which provides its members the ability to pool their risk and to spread that risk out over all of its members. By doing so, it reduces the liability for each of its members and in return reduces the costs of Workers' Compensation Insurance Premiums.

The annual premium costs are established by multiplying the annual payrolls for employees in a given Workers' Compensation Classification by the classification code rate for that group of employees. Different classifications of employees are added up and normalized per 100 employees to determine the base premium. Once the base premium is determined it is multiplied by the Experience Modifier (ExMod) to determine the total premium cost. The SDRMA calculation for FY 07/08 is provided below:

Estimated 07-08				
<u>Code</u>	<u>Classification</u>	<u>Rate</u>	<u>Payroll</u>	<u>Estimate Premium</u>
7520	Water Works	8.07	\$6,921,945	\$558,601
8742	Outside Sales	1.15	\$5,115,789	\$58,832
	Clerical Office			
8810	Employees	1.01	\$5,851,313	\$59,098
9401	Municipal (Non-Manual)	3.74	\$721,906	\$26,999
	Board of Directors		\$20.60 x 5	\$103.00
			Base Total	\$703,633
			ExMod	1.13
Premium Total				\$795,105

A

competitive analysis was conducted to compare the rates of SDRMA and SCIF to ensure that the District was receiving the best possible premiums for its workers' compensation insurance. The results showed that SDRMA base premiums were 11.8% lower than SCIF. In addition to the lower total premium, the District can receive an addition 15% price reduction at the end of the year under SDRMA's Credit Incentive Program. This could further reduce the FY 07/08 premium by \$119,266. This information was shared with the Administrative and Finance Committee on May 22, 2007.

A motion was made by Director Lampert, seconded by Director Huang to authorize the renewal of the District's Workers' Compensation Insurance with the Special Districts Risk Management Authority (SDRMA) for FY 07/08 at a total premium cost of \$795,105.

The motion was passed by the following vote:

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

5.10* RENEWAL OF PROPERTY AND LIABILITY INSURANCE COVERAGE FOR FISCAL YEAR 07/08

The renewal date for the District's property and liability insurance coverage is July 1, 2007.

The District participates in the Special District Risk Management Authority (SDRMA) Property and Liability Insurance Program. The SDRMA program provides property and general liability, commercial automobile, employment practices and employee benefits liability, and public officials' errors and omissions and personal injury coverage of up to \$10 million per occurrence. The District has an additional \$10 million in excess liability coverage, for a total coverage limit of \$20 million per occurrence, to provide the District with further protection in the event of a major catastrophic event. SDRMA has submitted their insurance premium renewal quote for FY 07/08 in the amount of \$ 693,628, an increase of 4.1% over the base premium paid last year. The renewal premium also

includes a refund of \$27,122 (current estimate) that will be earned by the District in FY 06/07 under the credit incentive program. The credit incentive program provides the District with the opportunity to save up to an additional 15 percent in basic liability premiums based on policies and safety related programs implemented by the District during the previous fiscal year.

In addition to the credit incentive program, the District could also realize additional premium savings by increasing its current deductible levels. An analysis was recently completed based on various deductible levels between \$5,000 and \$100,000 which compared the annual cost of claims paid since July 1, 2003 with the annual premium savings during each of the fiscal years had the higher deductible levels been in effect. Based on this analysis, staff is proposing to increase the deductible level to \$25,000. This deductible level would provide the District with the best balance between potential premium savings and the risk of additional costs when compared with the other higher deductible limits. A \$25,000 deductible level would reduce the FY 07/08 premium to \$589,559, a reduction of \$104,069. Staff will perform an analysis at fiscal year end to determine the net premium savings to the District. Based on this year end review, the District will have the option to retain or increase the deductible level or return to its previous deductible levels. Any premium savings can also be accumulated as a potential self insured reserve fund to apply against future claims.

This item was reviewed with the Administrative & Finance Committee on February 27, 2007 and May 22, 2007. The committee concurred with the recommendations. There are sufficient funds in the FY 07/08 proposed budget for the cost of the insurance coverage.

A motion was made by Director Lampert, seconded by Director Huang, to: 1) increase the Property and Liability Insurance Program deductible limit to \$25,000, and 2) accept the Special District's Risk Management Authority's proposal for FY 07/08 insurance coverage.

The motion was passed by the following vote:

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

5.11* RESOLUTION ESTABLISHING FISCAL YEAR 07/08 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 07/08 the greater inflation factor is the increase in California per capita personal income (4.42%). The greater factor for population is the growth within the County (1.07%).

After applying these factors and allowing for adjustments, the District's Appropriations Limit for FY 07/08 is computed at \$51,602,719, which is a 5.5% increase from the previous year. The balance of the District's tax proceeds which are subject to the appropriations limit are estimated at \$17,384,783. The appropriations limit will thus as usual have no effect on the District's revenues.

A motion was made by Director Lampert, seconded by Director Huang, 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 07/08 Appropriations Limit and 2) adopt a resolution establishing the Appropriations Limit for FY 07/08 at \$51,602,719.

RESOLUTION NO. 07-026

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ESTABLISHING APPROPRIATIONS LIMIT FOR FY 07/08

The motion was passed by the following vote:

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

5.12* RESOLUTION ADOPTING BUDGET FOR FISCAL YEARS 07/08 AND 08/09 AND
ADOPTING 25-YEAR CAPITAL IMPROVEMENT PROGRAM

At the May 23, 2007 budget workshop meeting, the Board of Directors reviewed the Budget for the 07/08 and 08/09 fiscal years and the 25-Year Capital Improvement Program.

The Budget for FY 07/08 and 08/09 includes total appropriations of \$164,527,000 and \$160,649,700, respectively. This includes for the respective fiscal years \$52,040,800 and \$52,788,800 for operating expenses; \$28,203,400 and \$14,948,200 for capital expenditures; \$4,622,300 and \$4,620,900 for debt service costs; \$5,204,100 and \$5,278,900 for emergency reserves; \$3,176,300 and \$3,303,400 for retiree health benefits reserves; with \$71,280,100 and \$79,709,500 for future years' projects and contingencies reserves.

The Capital Improvement Program for the period from FY 07/08 through 31/32 is the District's planning tool for implementing capital projects identified in the Integrated Resources Plan and Engineering Reports, as well as other capital projects needed to meet changes to water quality regulations, District operational criteria, facility reliability improvements and other upgrade purposes such as seismic upgrades, safety and security improvements. The Capital Improvement Program document identifies capital expenditures totaling \$ 367,031,000 to be expended between Fiscal Years 06/07 and 31/32.

A motion was made by Director Lampert, seconded by Director Huang, to adopt a resolution adopting the Budget for Fiscal Years 07/08 and 08/09 and adopting the 25-Year Capital Improvement Program.

RESOLUTION NO. 07-027

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING TWO YEAR BUDGET FOR FISCAL YEARS 2007/08 AND 2008/09
AND ADOPTING 25-YEAR CAPITAL IMPROVEMENT PROGRAM

The motion was passed by the following vote:

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

5.13* RESOLUTION APPROVING STATEMENT OF RESERVE FUND POLICY

In the course of conducting its business, the District maintains several reserve funds. These funds are required to ensure that sufficient resources are available to meet the District's operating and capital expenditures and debt service obligations.

The District's reserve funds include a debt service reserve, emergency/rate stabilization reserve, retiree health benefit reserve, and a capital projects and contingencies reserve. In order to further demonstrate the District's commitment to fiscal responsibility and prudent financial planning, a Statement of Reserve Fund Policy was approved by the Board of Directors in February 2002. This document includes a policy statement indicating the District's intent to accumulate and manage its reserve funds in an orderly manner consistent with long range planning activities, provides a definition of the types of reserve funds, and describes the various reserve funds maintained by the District. In June 2004, the California Bureau of State Audits issued an audit report of Independent Water Districts which included a recommendation that a comprehensive reserve policy is maintained and that reserves be reviewed on a periodic basis. In accordance with this recommendation, the Board of Directors reviews the District's level of reserve funds as part of the budget approval process. The Reserve Fund Policy was reviewed with the Administrative & Finance Committee on May 22, 2007 and with the Board of Directors during the Budget Workshop on May 23, 2007. No changes are being proposed to the current reserve fund policy.

A motion was made by Director Lampert, seconded by Director Huang, to adopt a resolution approving the Statement of Reserve Fund Policy.

RESOLUTION NO. 07-028

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING STATEMENT OF RESERVE FUND POLICY

The motion was passed by the following vote:

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

5.14* RESOLUTION SUPPORTING NOMINATION OF DIRECTOR WEED TO ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 5 COUNCIL CHAIR

Director Weed has served as a member of the ACWA Region 5 Council since 1998, and currently serves as Council Chair. His term expires at the end of Calendar Year 2007, and ACWA has recently disseminated nomination materials for 2008-2010 Council positions.

The governing board of each agency is required to submit a resolution support any agency board member who desires to be nominated for an officer or council member position. Director Weed has indicated an interest in continuing to serve as Chair, as well as a council member. All nominations are subject to further consideration and approval by a regional nominating committee.

A motion was made by Director Lampert, seconded by Director Huang, to adopt a resolution supporting the nomination of Director Weed as Region 5 Council Chair and member.

RESOLUTION NO. 07-029

OF THE BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
PLACING IN NOMINATION JOHN H. WEED AS CHAIR AND MEMBER OF
THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 5
COUNCIL

The motion was passed by the following vote:

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

5.15* RESOLUTION SUPPORTING NOMINATION OF JERRY LEDBETTER AS A MEMBER OF THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS

The Special District Management Authority (SDRMA) has sent its Notice of Nominations soliciting for Directors for their September 2007 Elections.

SDRMA in accordance with its Fifth Amended and Restated Joint Powers Agreement, is soliciting for the three (3) open seats of their Board of Directors which will be elected in September 2007. The newly elected Directors will take office beginning January 2008.

Nominees must be a Board Member or a full-time management employee from an active member agency of either SDRMA's property and liability or workers' compensation programs. Candidates must be nominated by resolution of their member agency's governing body. The term of office is

for a four (4) year term requiring attendance at twelve (12) board meetings per year and an average time commitment of 15-20 hours per month.

SDRMA's mission is to provide renewable, efficiently priced risk financing and risk management services through a financially sound pool and to ensure all services are delivered in a timely, cost-efficient, responsive manner. The Directors on the Board establish policies and rates for its member agencies. Having a Director on the Board who represents the best interests of the District would help ensure that the District's insurance costs are kept as low as possible.

A motion was made by Director Lampert, seconded by Director Huang, to adopt a resolution supporting the nomination of Jerry M. Ledbetter, Safety & Health Officer for SDRMA Board of Directors election held September 2007.

RESOLUTION NO. 07-030

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
NOMINATING JERRY M. LEDBETTER AS A CANDIDATE FOR ELECTION
TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF
DIRECTORS

The motion was passed by the following vote:

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

5.16* RESOLUTION SUPPORTING COMPREHENSIVE STATE WATER PACKAGE

As part of his Strategic Growth Plan for California, Governor Arnold Schwarzenegger has proposed a bold package of water investments that includes funding for additional water storage, a comprehensive Delta solution and water use efficiency. Though one legislative vehicle (SB59-Cogdill) for those investments failed in committee April 24, the concept of a comprehensive water package is still very much alive and will be a major part of the budget debate and end-of-session negotiations. The Governor has asked ACWA to help lead the charge to win passage of such a package and put it before voters in 2008.

In meetings with ACWA, the Governor has made the following points clear:

- This effort will not succeed without the full and active support of the water community.
- Legislators must hear from their local water agencies that there is broad support for a comprehensive water package this session.
- May, June and July are the critical months to keep the issue before legislators during the budget debate.
- It is imperative that water agencies speak with a unified voice now to allow a comprehensive package to move forward.

Based on meetings with the Governor, ACWA has launched a campaign-style effort called "The

Time is Now" to generate support and assist ACWA members with their local outreach and legislative contacts. This effort calls on ACWA members to:

- Take a formal position in support of a comprehensive water package that includes storage, Delta sustainability (including conveyance and environmental protection) and water use efficiency.
- Convey that position to local legislators, opinion leaders, media, etc.
- Continue follow up with legislators.

In response, staff has prepared a Board resolution in support of a comprehensive State water package.

A motion was made by Director Lampert, seconded by Director Huang, to adopt a resolution supporting a comprehensive State water package.

RESOLUTION NO. 07-031

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT IN
SUPPORT OF A COMPREHENSIVE STATE WATER PACKAGE

The motion was passed by the following vote:

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

President Lampert adjourned the meeting to a Closed Session at 6:32 P.M. for a conference on the following items:

- 6.1 Conference with Legal Counsel – Existing Litigation (Pursuant to Government Code Section 54956.9(a))
 - Watershed Enforcers v. California Department of Water Resources (Alameda County Superior Court Case No. RG06292124)
 - NRDC et. al vs. Kempthorne et. al (U.S. District Court, Eastern District of California, Case No. 1:05-CV-01207 OWW)

President Lampert reconvened the meeting at 6:59 P.M. Mr. Piraino advised that with respect to the two cases discussed under Item 6.1 the Board received a report and provided direction to staff and counsel.

SPECIAL PRESENTATION

- 2007 Water Conservation Poster and Slogan Contest Awards Ceremony - Public Education Specialist Frank Jahn indicated that ACWD will be presenting awards to the winners of the 2007-2008 Water Conservation Poster and Slogan Contest, whose posters or slogans were judged to be the winners from over 1,500 entries. The entries were submitted by students

attending both public and private schools in the Fremont, Newark and Union City area. The contest was open to those students who are currently in the 1st through 6th grade. Mr. Jahn also indicated that the winning posters and slogans are featured in the 2007-2008 ACWD Water Conservation.

President Lampert asked Grand Prize Winner Casandra Chung to lead the Salute to the Flag.

Mr. Jahn announced the names of the winners and the Directors, in the order below, handed out the awards:

Grand Prize and First Place Winners – Director Lampert

Poster Winners – Director Lampert

Slogan Winners – Director Koller

Honorable Mentions – Director Gunther

Teachers – Director Huang

President Lampert also presented each teacher of the Grand Prize and First Place winners a check donated by ACWD in the sum of \$100 for use towards classroom activities.

The following is a complete list of all the winners of the contest:

Grand Prize Winner

Cassandra Chung: Grade 4 - Chadbourne Elementary School
Teacher: Ms. Streight

First Place Grades 1-3

Tulika Mohanti: Grade 2 - Mission Valley Elementary School
Teacher: Ms. DiMaggio

First Place Grades 4-6

Emily Lin: Grade 5 - Eastin Elementary School
Teacher: Mr. Reyes

Poster Winners

Rhea Nayak	Grade 5	Weibel Elementary School
Amy Hoffman	Grade 5	Gomes Elementary School
Samhita Kamath	Grade 3	Forest Park Elementary School
Stanley Cheng Han	Grade 6	Brookvale Elementary School
Tulika Mohanti	Grade 2	Mission Valley Elementary School
Emily Lin	Grade 5	Eastin Elementary School
Alex Lu	Grade 6	Warwick Elementary School
Jason Tsay	Grade 5	Weibel Elementary School
Ivonne Kwan	Grade 5	Mission Valley Elementary School

Cassie Broadwin	Grade 6	Gomes Elementary School
Tom Li	Grade 5	Brookvale Elementary School
Yvette Wu	Grade 6	Gomes Elementary School

Honorable Mention

Caroline Chou	Grade 1	Ardenwood Elementary School
Amanda Hong	Grade 6	Chadbourne Elementary School
Caitlin Chiang	Grade 6	Gomes Elementary School
Alyssa Parry	Grade 2	Mattos Elementary School
Angela Chung	Grade 6	Niles Elementary School
Emily Lai	Grade 2	Chadbourne Elementary School
Katherine Wang	Grade 4	Warm Springs Elementary School
Kevin Lee	Grade 1	Ardenwood Elementary School
Sanjeev Reddy	Grade 5	Weibel Elementary School
Sara Tsai	Grade 3	Fremont Christian School
Yixuan Lu	Grade 4	Oliveira Elementary School
Chrisly Macaraeg	Grade 4	Kitayama Elementary School

Slogan Winners

Kosha Patel Grade 5 Brookvale Elementary School
-Drip, drop, drip, drop... Wasting water needs to stop!

Nandhini Gounder Grade 4 Weibel Elementary School
-Water is a treasure we must cherish forever.

Yulduz Nasafi Grade 5 Warm Springs Elementary School
-Don't let the water gush the one minute that you brush.

Jeremy Dolcourt Grade 5 Millard Elementary School
-Ho! Ho! Ho! Save that H₂O... or you'll get coal.

Devin Martinez Grade 6 Christian Community School
-Water for the animals, water for the trees, water is for everyone including you and me.

Avantika Mundkur Grade 6 Forest Park Elementary School
- Save the water all around, at school, at work, and in your town.
Justin Goulart Grade 4 Lincoln Elementary School
- Stop that drop, don't let it plop!

Siddhant Ambulkar Grade 5 Gomes Elementary School
- Water is a treasure beyond any measure.

Rochelle Carlile Grade 4 Parkmont Elementary School
- We won't have to make a fuss if you'll save the water for animals and us!

Gabriella Arreola Grade 5 Durham Elementary School
- Just in case you don't know, you've got to save the H₂O!

Nhi Nguyen Grade 5 Alvarado Elementary School
- Water is cool, save it and you'll rule!!

Sneha Patkar Grade 4 Forest Park Elementary School
- Let's not waste another drop, make that leaky faucet stop!

Teachers

Ms. Allred	Gomes Elementary
Ms. Barraza	Fremont Christian School
Mr. Benevides	Parkmont Elementary
Ms. Bennett/Mrs. Tamekuni	Mattos Elementary
Ms. Brandon	Forest Park Elementary
Ms. Bridges	Warm Springs Elementary
Ms. Chug	Brookvale Elementary
Ms. Clark	Warwick Elementary
Mr. Colglzier	Weibel Elementary
Mr. Creed	Brookvale Elementary
Ms. Eshelman	Millard Elementary
Mr. Ford	Forest Park Elementary
Mr. Guernsey	Alvarado Elementary
Mr. Haggans	Oliveira Elementary
Ms. Hansen	Christian Community School
Mrs. Huggins	Forest Park Elementary
Ms. Ilag	Mission Valley Elementary
Ms. Kellogg	Chadbourne Elementary
Mr. Larsen	Gomes Elementary
Ms. Levy	Warm Springs Elementary
Ms. Lorenzana	Chadbourne Elementary
Ms. McGee	Gomes Elementary
Ms. Phillips	Brookvale Elementary
Mrs. Rao	Weibel Elementary
Ms. Rose	Lincoln Elementary
Ms. Shimomura	Ardenwood Elementary
Ms. Stewart	Durham Elementary
Mrs. Teramura	Kitayama Elementary
Ms. Maria Uriu	Ardenwood Elementary
Mrs. Whitbred	Niles Elementary
Mr. Whiting	Gomes Elementary
Ms. Wilson	Oliveira Elementary

Mr. Jahn thanked the students, parents, and teachers for their participation and support of the District's water education program. President Lampert called a recess at 7:43 P.M.

President Lampert reconvened the meeting from recess at 7:51 P.M.

7 – REPORTS

7.1 BOARD COMMITTEE REPORTS

- Water Resources Planning meeting of May 16, 2007: (1) Water Conservation Program Update; (2) Alameda Creek Fisheries Update; (3) Semitropic Groundwater Banking Program Update
- Operations & Water Quality Meeting of May 17, 2007: (1) East Bay Regional Radio System Proposal Update
- Administrative & Finance Meeting of May 22, 2007: (1) Insurance Renewal; (2) Reserve Fund Policy
- Engineering & Capital Projects Meeting of May 29, 2007: (1) Review of LAFCo Annexation Requirements; (2) Review of Fremont Streets and Sidewalks Municipal Code; (3) Update of Construction Contract Bidding Procedures
- Legal & Legislative Meeting of May 31, 2007: (1) Review of State and Federal Legislation; (2) Review of Federal Association of California Water Agencies Proposal For a Comprehensive Water Package

7.2 OPERATIONAL REPORTS

- Investment Report
- Quarterly Budget & Expense Report
- Water Production Report

7.3 STAFF REPORTS - None

7.4 GENERAL MANAGER'S REPORTS

- Update on State Water Project Pumping Curtailment - Mr. Piraino updated the Board on the current status of the curtailment. Discussion ensued and Mr. Piraino answered questions from the Board.
- Mr. Piraino informed the Board that he and Director Weed will be in Chiapas, Mexico from Friday, June 8 through Monday, June 11 to attend a dedication of a local water project funded by the Rotary Club of Mission San Jose.

8 - DIRECTORS' COMMENTS AND/OR AGENDA ITEM REQUESTS

- Director Koller informed the Board that he will be attending the Delta Vision Workshop given by the Water Education Foundation in Fresno, California, July 27, 2007.
- Director Gunter and Director Lampert reported on their attendance at the ACWA Spring

Minutes – June 7, 2007

Conference

There being no further business to come before the Board, President Lampert adjourned the meeting at 8:06 P.M.

Andrew Joseph, Assistant District Secretary

Attest:

Arthur Lampert, President