

ALAMEDA COUNTY WATER DISTRICT MEMORANDUM

DATE: August 1, 2007
TO: Board of Directors
FROM: Paul Piraino
SUBJECT: STAFF REPORT, ACTION CALENDAR ITEMS FOR August 9, 2007

5.1* RESOLUTION HONORING SUE S. SUNDER UPON HER RETIREMENT FROM DISTRICT SERVICE

BACKGROUND: Sue S. Sunder retired effective July 27, 2007, with close to 17 years of service with the District.

DISCUSSION: Sue started her career with the District on September 11, 1990 as an Instrument Technician I in the Operations Department. Her attention to detail was evident in her work, and she will be missed by all her friends at the District.

RECOMMENDATION: By motion, adopt a resolution honoring Sue S. Sunder and expressing appreciation for nearly 17 years of District service.

5.2* AUTHORIZATION OF PARTICIPATION IN ACWA'S CALIFORNIA WATER PUBLIC EDUCATION PROGRAM

BACKGROUND: In support of the Governor's comprehensive water package, the Association of California Water Agencies (ACWA) and its members, including ACWD, have been working to educate legislators and opinion leaders in grassroots-style effort called the "The Time is Now." ACWA is now looking to launch a statewide effort to educate Californians about the water crisis confronting the state. The goal of the effort would be to develop a statewide public education program to increase awareness of the current and future problems with the statewide water infrastructure--including the deepening crisis in the Delta. The program would utilize paid advertising through TV, radio and print media, earned media (generated through public relations) and special events. ACWA will take the lead in this effort in coordination with its member agencies. Likely themes will include the following:

- Our statewide storage and delivery system hasn't been improved in 30 years;
- Canals and levees are aging and need improvements;
- Climate change, population growth and natural disaster pose challenges;
- The Delta is broken;
- Water quality needs are not being met for people or the environment;
- We must make sure we can store and deliver the clean water we need--now and in the future;
- Solutions must include a strong commitment to restoring the Delta environment

DISCUSSION: Earlier this year, leaders of the state's business community embarked on an extensive research project to assess the public's knowledge of water issues and gauge support for potential projects to improve the state's water infrastructure to address these problems. The research revealed that there was very little understanding of or concern over the problems facing the state's water supply and quality. Quite simply, when Californians go to turn on the tap, water comes out. There is a clear need to educate the public about current and future water problems so they can make informed decisions about what should be done to ensure we have the reliable water system we will need tomorrow, next year and for decades to come.

This program has been discussed among the State Water Contractors Board of Directors, who felt that it would be appropriate to request voluntary assessments from the contractors to help fund the effort at \$1 per acre foot of Table A amounts. Based on this level of contribution, Kern County Water Agency has pledged \$1 million and Zone 7 \$80,000. ACWD's contribution would amount to \$42,000. Other state water contractors are expected to follow suit. The State Water Contractors Association will invoice the contractors for the voluntary assessments and would then forward the contributions to ACWA. A reserve appropriation would be required for this expenditure.

RECOMMENDATION: By motion, authorize an appropriation of \$42,000 from the General Fund Reserve and authorize the payment of \$42,000 to the State Water Contractors for the California Water Public Education Program.

5.3* RESOLUTION ADOPTING THE AGREEMENT FOR PARTICIPATION IN THE
ALAMEDA COUNTY OPERATIONAL AREA EMERGENCY MANAGEMENT
ORGANIZATION

BACKGROUND: The occurrence of emergency situations and/or natural disasters may directly impact the District's ability to fulfill its core mission objective to provide a safe and reliable supply of water to the customers of Fremont, Newark, and Union City. To mitigate the risk from such events, the District maintains an active emergency response program. Pursuant to California's Standardized Emergency Management System (SEMS), and the organizational structure requirements of the Governor's Office of Emergency Services (OES), the District operates within the Alameda County Emergency Management Operational Area (Op Area). Under SEMS, all Alameda County agencies, cities, special districts, and other public benefit non-profit organizations are to coordinate with the Op Area office during a disaster. The District currently coordinates with the Op Area office for emergency-related information sharing, disaster exercise planning, and other emergency preparedness/response activities.

DISCUSSION: In February of 2005, the Alameda County Board of Supervisors approved an agreement creating the Alameda County Operational Area Emergency Management Organization (Organization). This agreement charges the Organization with enhancing preparedness efforts and disaster response capabilities throughout the Op Area. The agreement aims at capitalizing on the benefits that can be achieved through greater pre-disaster coordination and communications, exercises, and planning to ensure efficient sharing of resources among all public agencies in the Op Area during an emergency. Currently, the Organization has participation by all cities in the County and an effort is underway to gain participation from all special districts. In addition, there are plans in 2008 to reach out to private industries in Alameda County for participation. The District's preparedness efforts will

be well-served by adopting this agreement and actively participating in this organization. There are no direct costs to participate.

RECOMMENDATION: By motion, adopt a resolution establishing the District's participation in Alameda County Operational Area Emergency Management Organization, as it was approved by the Alameda County Board of Supervisors on February 15, 2005.

5.4* RESOLUTION TO ADOPT AND INTEGRATE THE NATIONAL INCIDENT MANAGEMENT SYSTEM TO COMPLIMENT THE CALIFORNIA STANDARDIZED EMERGENCY MANAGEMENT SYSTEM

BACKGROUND: In 2003, under Homeland Security Presidential Directive No.5, the President directed the Secretary of Homeland Security to develop and administer a National Incident Management System (NIMS). The NIMS system was released in 2004 and compliance schedules for all federal and state agencies were outlined. All states were required to adopt and integrate NIMS by September 30, 2005. The NIMS principles were tailored around California's existing Standardized Emergency Management System (SEMS). California originally held that the state and all local governments (including special districts) who were already incorporating SEMS in their emergency response planning would be compliant with NIMS. However, as compliance with NIMS has evolved at both national and state levels, California's compliance through SEMS is no longer valid. As a special district, ACWD must adopt NIMS by resolution and complete the appropriate staff training by September 30, 2007.

DISCUSSION: NIMS adoption and integration is required to ensure the District retains the option to receive future federal disaster preparedness grant funding. All California state, local government, and tribal government agencies must now adopt and integrate NIMS into their emergency planning. Federal standards for the integration of NIMS are clearly outlined and require specific training for all levels of staff that may be involved in an emergency response or disaster recovery. California has developed and made available approved training modules which can be presented by District staff to satisfy this year's training requirements. Training of most District treatment plant staff was completed in late 2006 and NIMS training for all remaining District staff as appropriate is slated for August 2007. Additional training will be required in 2008.

RECOMMENDATION: By motion, adopt a resolution to adopt and integrate the National Incident Management System (NIMS) into the Alameda County Water District's emergency preparedness and response program.

5.5* AUTHORIZATION OF PURCHASE ORDER FOR WTP2 OZONE SYSTEM CHILLER REPAIRS

BACKGROUND: The primary disinfectant at Water Treatment Plant No. 2 (WTP2) is ozone. The existing ozone system includes two Trane 120 ton capacity chillers used to cool the ozone generation and air preparation equipment and to cool the compressed air used in the manufacture of ozone gas. The chilled water system was designed with 100 percent redundancy, meaning each chiller is sized to meet the cooling water needs under maximum ozone demand. The existing ozone system has been in

continuous service for 14 years since WTP2 first came on-line in 1993 and both chillers are beyond their expected service life. Currently, one of the chillers is out-of-service and is in need of repairs or replacement. Additionally, the District is planning to replace the ozone air preparation equipment (including the two chillers), with a liquid oxygen (LOX) system in 2008.

DISCUSSION: Because of reliability concerns associated with the one aging chiller still in operation and the lack of redundancy, District staff requested Trane to provide cost proposals for several alternatives for repairing or replacing the out-of-service chiller. The alternatives considered were: 1) repairing the existing chiller for \$77,700 (price does not include repairs to the Freon evaporator unit that could possibly be defective and reduce chiller capacity below 120 tons); 2) renting a similarly sized chiller for \$8,000/month plus \$18,000 for mobilization and installation costs (\$114,000 for one year); and 3) purchasing and installing a smaller 80 ton capacity chiller for \$145,000. The minimum chiller capacity required to support the ozone system during summer months is less than 80 tons.

Since the least cost of the three alternates is to repair the existing chiller, staff recommends repairing the existing chiller. Because the existing 120 ton chiller is oversized, a nominal reduction in chiller capacity can be tolerated should chiller efficiency be reduced because of a defective evaporator unit. The price submitted by Trane for the repair work includes parts, labor, taxes and freight. Because funding to repair the chiller is not included in the budget, an appropriation from the General Fund reserve in the amount of \$78,000 is needed.

RECOMMENDATION: By motion, 1) authorize an appropriation from the General Fund reserve in the amount of \$78,000, and 2) authorize a purchase order to Pacific Coast Trane Service, Inc., for the repair of the WTP2 ozone system chiller in the amount of \$77,700.

5.6* RESOLUTION ACCEPTING COMPLETION OF THE CONTRACT FOR THE NORTHWEST AND SOUTHWEST NILES CONE MONITORING WELLS PROJECT

BACKGROUND: On October 13, 2005, the construction contract for the Northwest and Southwest Niles Cone Monitoring Wells project was awarded to Maggiora Bros. Drilling, Inc. in the amount of \$404,850. The purpose of the Northwest and Southwest Niles Cone Monitoring Wells project was to obtain a better understanding of the aquifers along the western edge of ACWD's boundary. A major portion of the project's funding came from two Local Groundwater Management Assistance Program grants that were previously awarded to ACWD from the California Department of Water Resources (DWR).

DISCUSSION: The project's scope of work included the installation of ten monitoring wells in four locations (two locations in both of the northwest and southwest areas of the Niles Cone Groundwater Basin). Three change orders, totaling \$324,425 for six additional monitoring wells were subsequently authorized by the Board. The project was determined to be substantially complete on May 17, 2007, the date ACWD was informed by DWR that it had satisfactorily completed and met all of its obligations under the two Local Groundwater Management Assistance Program grants. The total project cost, including all change orders and adjustments for final quantities was \$623,136.50 and a total of \$342,386.90 was received from DWR grants for this project.

RECOMMENDATION: By motion, adopt a resolution accepting completion of the contract for the Northwest and Southwest Niles Cone Monitoring Wells Project, Job 6269.

5.7* AUTHORIZATION FOR CONTRACT CHANGE ORDER NO. 1 FOR ALAMEDA CREEK PIPELINE NO. 1 FISH SCREEN SITE CONSTRUCTION PROJECT

BACKGROUND: The Alameda Creek Pipeline No. 1 Fish Screen Project is comprised of two elements. The first element, fabrication and installation of four cylindrical fish screens, was awarded to Intake Screens, Inc. (ISI) on December 5, 2006, in the amount of \$722,910. The second element, the sitework required to accommodate the fish screen installations, was awarded to Mitchell Engineering on April 10, 2007, in the amount of \$1,694,000.

The principal construction items of the sitework-related construction contract includes: 1) temporary water diversion facilities within the Alameda Creek Flood Control Channel; 2) 213 linear feet of 66-inch diameter pipe; 3) reinforced concrete water diversion structures and slide gate assemblies; and 4) electrical work.

DISCUSSION: After consulting with the fish screen fabricator (ISI) and the site contractor (Mitchell Engineering), staff recommends modifying the interface design between the slide gate assemblies and the piping manifold to ensure a watertight connection at each of the four fish screen units. Change Order No. 1 in the amount of \$18,560 has been prepared to cover the incremental shop fabrication and installation costs for the pipe and slide gate modifications. Staff has reviewed the costs associated with the additional work and has determined that it is fair and reasonable. There is adequate funding in the current budget for this expenditure.

Mitchell Engineering has indicated that there is a time delay associated with the additional work that cannot be quantified at this time. Because the change order includes work by a subcontractor to Mitchell Engineering, the issuance of a change order without an extension is recommended. The terms of the change order stipulate that Mitchell Engineering must submit supporting documentation to support its claim for additional time by September 28, 2007; otherwise, the claim will be waived.

RECOMMENDATION: By motion, approve Change Order No. 1 in the amount of \$18,560 to Mitchell Engineering for the Alameda Creek Pipeline No. 1 Fish Screen Site Construction Project, Job 6279.2.

5.8* AUTHORIZATION OF CONTRACT CHANGE ORDER NO. 1 FOR CENTERVILLE 24-INCH PIPELINE RELOCATION PROJECT

BACKGROUND: On March 8, 2007, the Board awarded the construction contract for the Centerville 24-Inch Pipeline Relocation Project to Mountain Cascade in the amount of \$1,234,567.

DISCUSSION: Change Order No. 1, in the amount of \$45,467, has been prepared to address: 1) a conflict between the new pipeline and existing AT&T fiber optic lines near the Paseo Padre Parkway Underpass; 2) the installation of an additional pumping ell and blow-off assembly at a pipeline low point; and 3) increase the conduit diameter for the cathodic protection system under the UPRR right-of-way. This project is included in the Settlement and Utility Cost Sharing Agreement between the

District, the City of Fremont, and BART. The District's share of the change order cost is \$19,969.11. There is adequate funding in the budget for this expenditure.

RECOMMENDATION: By motion, approve Change Order No. 1 in the amount of \$45,467 for the Centerville 24-Inch Pipeline Relocation, Job 6327.

5.9* AUTHORIZATION OF PURCHASE ORDER FOR REHABILITATION SERVICES FOR BELLFLOWER AND FARWELL AQUIFER RECLAMATION PROGRAM WELLS

BACKGROUND: The Bellflower and Farwell Aquifer Reclamation Program (ARP) wells were constructed in 1974 and will be used as the supply wells for the Newark Desalination Facility Phase 2 Project. Bellflower was last rehabilitated in 2000 and Farwell in 2002. The wells were recently video logged and evaluated by staff. Physical rehabilitation, consisting of brushing, swabbing, airlifting, and well development, followed by a five-step step-drawdown test, is needed to restore the efficiency of the wells. After the wells are rehabilitated, a final video log will be performed to document and assess the results.

DISCUSSION: Last year, contract bid requests were developed for similar well rehabilitation work for the PT-4 and PT-6 wells at the Peralta Tyson Wellfield and two bids were received. Layne Christensen Company (Layne Christensen) was the low bidder, the Board awarded the work on February 23, 2006, and all work was satisfactorily completed on April 13, 2006. Because of Layne Christensen's recent experience performing similar work for the District, the specialized equipment involved, and the limited scope of this work, staff requested a proposal on a time-and-expense basis for rehabilitating the Bellflower and Farwell Wells from Layne Christensen. Layne Christensen Company's estimated cost for performing the rehabilitation work on the Bellflower and Farwell wells is \$52,618 based on a time-and-expense basis. The proposal and estimate have been evaluated by staff as appropriate for the work required and the recommended authorization includes a ten percent contingency. There is sufficient funding in the budget for this work.

RECOMMENDATION: By motion, authorize a purchase order to Layne Christensen Company for Rehabilitation Services for the Bellflower and Farwell Aquifer Reclamation Program Wells in an amount not to exceed \$57,880, Job 4310.

5.10 AUTHORIZATION TO EXECUTE AGREEMENT FOR DEFERRED COMPENSATION PLAN SERVICES

BACKGROUND: The District offers its employees both 457 and 401(a) deferred compensation plans. The five year contract with our current plan provider, Lincoln Financial Group, will be ending December 1, 2007. Taking this as an opportunity to obtain the best possible vendor in the current market, the District's Deferred Compensation Committee recommended to the Board that a Request for Proposal process be conducted this year. Accordingly, the Board of Directors, on April 10, 2007, authorized execution of a consulting services agreement with SST Benefits Consulting to assist staff with this process.

DISCUSSION: A Request for Proposal was distributed to 33 deferred compensation plan providers with the goal of seeking key improvements to the current program, including a reduction of overall fees, improvement of fund options and performance returns, simplification of program administration and enhancement of services. Proposals were received on June 1, 2007 from the following twelve deferred compensation plan providers: AIG VALIC, Diversified Investment Advisors, John Hancock, Hartford, ICMA Retirement Corporation, ING, Lincoln Financial Group, MasterPlan, Principal, Prudential, Standard, and TIAA-CREF. Proposals were evaluated based on the primary criteria as shown below:

- Historical rate of investment return of proposed funds;
- All fees and charges for funds and administration;
- Record keeping services, tax and accounting services and types of information provided to participants and to the District; and
- Education services provided to participants and to the District.

Based upon the above criteria, two proposals (ICMA Retirement Corporation and ING) were selected for further consideration. The incumbent provider, Lincoln Financial Group, did not submit a competitive bid as measured by the above criteria. The two finalists were evaluated based on customer services, information and reporting capabilities, transition services, performance standards and guarantees and references. Interviews were conducted with the two finalist firms on July 20, 2007. Based on these interviews, it is recommended that ICMA Retirement Corporation (ICMA-RC) be selected as the new provider of the District's deferred compensation program. When compared to ING, the ICMA-RC proposal provides excellent Stable Value fund returns, with the lowest fees, and highest credit quality; has the lowest average expense ratio for both mutual funds and asset allocation funds; and offers a significant reduction in overall fees to plan participants when compared to the current Lincoln plan. ICMA-RC also provided very unique and impressive disclosures of their fund fee structure.

Although ICMA-RC's proposal includes extremely competitive mutual fund offerings, they are very willing to work with the District's consultants over the next few weeks to further improve on their overall fund offerings for participants. In addition, a self-directed brokerage account option with more than eighteen thousand investment alternatives will be offered for any participant wishing to invest in a fund not included in the basic fund offerings by ICMA-RC.

The ICMA-RC proposal offers a high level of customer service including participant education, financial planning, internet account access and comprehensive statements. Personal account information can be downloaded into Quicken or Microsoft Money type programs. They offer administration of hardship withdrawals, which currently takes significant staff time to administer. ICMA-RC has also included a new feature to the District's program by offering the full administration of a loan program for participants to borrow from their own accounts if they so desire.

ICMA-RC has agreed to defined performance standards and measures with financial penalties if they are not met. ICMA-RC and District staff will survey all participants after six months and annually thereafter to assure the program is operating effectively. In addition, fund performance will be closely monitored to ensure that all investment options continue to meet or exceed benchmark standards and

that changes are implemented in a timely manner.

Throughout this selection process, staff has made a diligent effort to keep all deferred compensation plan participants apprised of the process being followed. Three separate memorandums were issued to all deferred compensation plan participants (current employees, former employees and retirees) during the months of April, July and early August which explained the status of the selection process and solicited input/comments.

Once the Board acts on the recommendation to select ICMA-RC as the District's deferred compensation provider, the next step in this process will be to finalize and execute the services agreement and related documents and for ICMA-RC staff to conduct individual and group workshops to explain the transition process and to respond to any questions. Separate workshops will be held for retirees. It is anticipated that the transition to ICMA-RC will be completed by January 15, 2008. The month and a half period between the current Lincoln contract termination date of December 1, 2007 and January 15, 2008 will provide additional time for the completion of normal calendar year end capital gains and dividend distribution activity before the transition. Both ICMA-RC and Lincoln have stated that this transition date is acceptable. The RFP process and finalist recommendation was reviewed with the Administrative & Finance Committee on July 24, 2007. The term of this agreement will be five years with the provision for early termination by the District with one year's advance notice. Once the agreement has been executed, staff will work with ICMA-RC to finalize an updated plan document and investment policy. The updated plan document will be presented to the Board for approval in the early fall.

RECOMMENDATION: By motion, authorize the General Manager to negotiate and execute the necessary agreements with ICMA Retirement Corporation to administer the District's deferred compensation program.

5.11 RESOLUTION AUTHORIZING AGREEMENT WITH THE ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT FOR THE DEVELOPMENT OF PRELIMINARY DESIGN OF A FISH PASSAGE FACILITY IN THE ALAMEDA CREEK FLOOD CONTROL CHANNEL

BACKGROUND: The Alameda Creek Flood Control Channel, constructed by the United States Army Corps of Engineers in 1972, extends from San Francisco Bay approximately 12 miles inland to the vicinity of Niles Canyon. The Alameda County Flood Control and Water Conservation District (County) owns and maintains the constructed channel including a drop structure, commonly referred to as the "BART Weir". This drop structure is directly downstream of ACWD's middle rubber dam in the flood control channel. Both ACWD and the County are participants in the Alameda Creek Fisheries Restoration Workgroup, established in early 1999 (Workgroup). The Workgroup has commissioned several reports which have identified several barriers to steelhead migration into the Alameda Creek watershed, including the drop structure and ACWD's middle rubber dam (when inflated). Conceptual design for a single fish passage facility that would provide for fish passage past both the drop structure and middle rubber dam (Fish Passage Facility) has previously been prepared by consultants for ACWD and Flood Control. To facilitate further development of this concept, an agreement between the District and County is proposed.

DISCUSSION: Under the proposed agreement, ACWD and the County will work cooperatively to develop the preliminary design of the Fish Passage Facility and to jointly pursue grant funding opportunities for the construction of the Fish Passage Facility. ACWD will be responsible for contracting with a consultant to provide the preliminary design services, and both agencies will equally share in the consultant costs, up to a maximum of \$150,000 each. The agreement does not include roles and responsibilities for additional tasks required for full implementation of the Fish Passage Facility, including final design, CEQA documentation, permitting, construction, operation and maintenance, cost allocations, and securing a water supply required for operation of the Fish Passage Facility. These items will need to be addressed under a future agreement with the County. Board approval for a consulting services agreement and purchase order will be requested at a later date once staffs from both agencies have reached agreement on recommendations for a consultant and scope of work. The Alameda County Board of Supervisors approved the agreement at its meeting on July 31, 2007.

RECOMMENDATION: By motion, adopt a resolution authorizing an agreement with the Alameda County Flood Control and Water Conservation District for the development of preliminary design of a fish passage facility in the Alameda Creek Flood Control Channel.

Attachments

cc: Executive Staff