

January 10, 2008
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on January 10, 2008 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, Huang, Koller, Lampert, and Weed

Staff members present: General Manager Paul Piraino, Engineering Manager Bob Shaver, Finance and Administration Manager Will Ligh, Operations Manager Walt Wadlow, Water Resources Planning Manager Eric Cartwright, Financial Services Manager Michael Yee, Water Supply Supervisor Laura Hidas, Attorney Patrick Miyaki and District Secretary Gina Markou

President John Weed presided.

Director Gunther led in the Salute to the Flag.

3 – PUBLIC COMMENTS – Ms. Wynn Grcich, a resident of Union City, addressed the Board and requested information on funding opportunities available under Propositions 1E and 84; federal and state regulations mandating disinfection and fluoridation of water supplies; and a map of existing piping in the District's service area that would be used for a future recycled water project.

4 – CONSENT CALENDAR

A motion was made by Director Lampert, seconded by Director Gunther to add items 5.1 and 5.2 to the Consent Calendar.

The motion was passed by the following vote:

AYES: Directors Gunther, Huang, Koller, Lampert, and Weed
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 December 13, 2007
- 4.2 Ratification of Payment of Audited Demands dated December 14, December 21, 2007, and January 4, 2008
- 4.3 Resolution Approving and Authorizing Execution of Contract with SummerHill Morgan Square, LLC, Extension of Water Main, Tract 7719 (ACWD #2006-0053), Ref. T- 1486

RESOLUTION NO. 08-001

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT
BETWEEN ALAMEDA COUNTY WATER DISTRICT AND SUMMERHILL
MORGAN SQUARE, LLC, FOR EXTENSION OF WATER MAIN, REF. T-
1486

- 5.1 Resolution Honoring Patricia A. Finch upon Her Retirement from District Service
- 5.2 Authorization of Change Order No. 3 and Resolution Accepting Completion of the Alameda Creek Pipeline No. 1 Fish Screen Site Construction Project

The motion was passed by the following vote:

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

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

5.1* RESOLUTION HONORING PATRICA A. FINCH UPON HER RETIREMENT FROM DISTRICT SERVICE

Patricia A. Finch will be retiring effective January 31, 2008 with more than 15 years of service with the District.

Patricia started with the District as an Accounting Assistant on November 17, 1992 and worked in that capacity until her retirement. Patricia came to the water district with many years of experience in administration and was known for her team work and dedication. She will be missed by her many friends at the District.

A motion was made by Director Lampert, seconded by Director Huang to adopt a resolution honoring Patricia A. Finch and expressing appreciation for more than 15 years of dedicated service to the District.

RESOLUTION NO. 08-002

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
HONORING PATRICIA A. FINCH UPON HER RETIREMENT FROM
DISTRICT SERVICE

The motion was passed by the following vote:

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

5.2* AUTHORIZATION OF CHANGE ORDER NO. 3 AND RESOLUTION ACCEPTING COMPLETION OF THE ALAMEDA CREEK PIPELINE NO. 1 FISH CONSTRUCTION PROJECT

To complete the Alameda Creek Pipeline No. 1 Fish Screen Project, construction was divided into two separate contracts.

- Fabrication and Installation of the Alameda Creek Pipeline No. 1 Fish Screens: Construction was awarded on April 10, 2007, to Intake Screens, Inc. (ISI), in the amount of \$722,910. The fish screen installation is approximately 95% complete and currently is in the start-up testing phase of the equipment.
- Alameda Creek Pipeline No. 1 Fish Screen Site Construction Project: Construction was awarded on April 10, 2007, to Mitchell Engineering in the amount of \$1,694,000. Two change orders, totaling \$24,604.18, have been previously authorized by the Board. The site construction project was substantially complete on November 26, 2007.

For the site construction project, Change Order No. 3 in the amount of \$14,747.12 has been prepared to cover the following work requested by the District: 1) install a temporary pumping system at the Shinn Pit valve structure to dewater and also prevent re-filling of the existing pipeline with water leaking from existing valves (\$9,536.15); and 2) additional electrical work required to replace the existing conductors which had exceeded their useful life (\$5,210.97). Staff has reviewed the costs associated with the additional work and has determined that it is fair and reasonable for the work performed.

The total project cost for the site construction contract, including all change orders and quantity adjustment for unit price items (-\$1,000) is \$1,732,351.30. There is adequate funding in the current budget for this expenditure.

A motion was made by Director Lampert, seconded by Director Huang to 1) approve Change Order No. 3 in the amount of \$14,747.12 and; 2) adopt a resolution accepting the completion of the Alameda Creek Pipeline No. 1 Fish Screen Site Construction Project, Job 6279.2.

RESOLUTION NO. 08-003

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING COMPLETION OF CONTRACT NO. 3536, MITCHELL
ENGINEERING, JOB 6279.2

The motion was passed by the following vote:

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

5.3 PUBLIC HEARING TO CONSIDER AMENDING SCHEDULE OF DISTRICT RATES AND CHARGES; CONSIDERATION AND ADOPTION OF RESOLUTION AMENDING RATES AND CHARGES

Mr. Piraino reported that at the meeting of November 8, 2007, the Board received staff recommendations and called for a Public Hearing on January 10, 2008, to receive and consider comments on proposed revisions to certain District rates and charges.

Mailings went out to all property owners that receive water service from the District on November 20, 2007 notifying them of a proposed 4.5 percent water rate increase. In addition to two legal notices published in The Argus on December 31, 2007 and January 5, 2008, notice of the public hearing was also posted at the city hall and main library of each of the Tri-Cities and on the District's web site. An article publicizing the rate increase and public hearing also ran in The Argus in late November. Mr. Piraino reported that the District had received twenty-eight written protests opposing the rate increase.

Mr. Yee presented a brief summary of the following rates and charges for which a change is recommended:

COMMODITY RATE

It is proposed that the base commodity rate for customers within the District's service area be increased by 4.5 % effective February 1, 2008 for the reasons noted above. Among other factors, the District has also been able to realize additional revenues via grants and outside agency reimbursements. Staff also proposes a 4.5% increase for those customers who are outside the District's boundaries, as well as for those few customers who use San Francisco Water exclusively. These commodity rates require customers to pay their proportional cost for water service based on usage.

The proposed base commodity rates are summarized below:

	<u>Current</u>	<u>Proposed</u> <u>Eff. 2/1/08</u>
Base Commodity Charge (per HCF):		
Inside District	\$ 2.285	\$ 2.388
Outside District	2.627	\$ 2.745
San Francisco Water Service	2.292	\$ 2.395

As with last year, the reason for the proposed February 1, 2008 effective date is to allow for adequate time to comply with Proposition 218 notification requirements.

BIMONTHLY SERVICE CHARGE

The bimonthly service charge is set based on the total number of customer accounts to recover certain fixed costs, including meter reading and customer service, meter and service line maintenance and replacement, and partial annual debt service on bonds issued to finance Water

Treatment Plant No. 2 capital costs. These costs did not increase significantly relative to the growth in the number of accounts this past year. Therefore, it is proposed that the bi-monthly service charges not be revised for 2008.

COST COMPARISON - AVERAGE WATER BILL

The net effect of the proposed increase to the base commodity rate, and leaving the service charge unchanged, would be to increase the total bi-monthly water bill (commodity and service charge) for an average residential customer who uses 25 units of water (approximately 308 gallons per day) by 3.8% or \$2.57, from \$67.21 to \$69.78, a \$1.29 increase per month, or slightly over 4 cents a day. This would place the District’s average residential water bill in the lower third of the 30 other Bay Area agencies surveyed. However, note that this is comparing the District’s proposed rates for next year with the current 2007 rates of all the other surveyed agencies.

DEVELOPMENT RELATED FEES AND CHARGES

The facilities acreage and connections charges are collected from developers and deposited into the Facilities Improvement Fund to pay for the growth-related portion of new capital facilities. The Facilities Connection Charge (FCC), Facilities Acreage Charge (FAC), Standard Acreage Charge (SAC), and Front Foot Charges (FFC) are typically set one year in advance to enable developers to budget fee changes well in advance of the effective date. Charges effective January 1, 2008 were previously adopted by the Board on January 11, 2007. This included no increase to the Facilities Acreage Charge and Facilities Connection Charge. Again, this year staff is not proposing any change to the FCC or FAC for the calendar year beginning January 1, 2009.

However, staff is proposing to reduce the Facilities Connection Charge this year for certain types of new developments (e.g., monastery, senior home, etc.) coming up next year involving dormitory type living arrangements where water usage per dwelling unit is typically less than the average residential multi-dwelling unit. This FCC will be set at 75% of the standard residential multi-dwelling unit charge to reflect this difference.

Residential Dormitory Meter Facilities Connection Charges.

<u>Amount Per Unit</u>	<u>Amount Per Unit</u>
<u>Eff. 1-1-2008</u>	<u>Eff. 1-1-2009</u>
\$ 3,329	\$ 3,329

Only for those developments that meet all of the following criteria:

- a) Three (3) or more residential units;
- b) One bedroom or studio, single occupancy units;
- c) One bathroom maximum;
- d) Individual unit area less than or equal to 540 square-feet; and
- e) Common kitchen facilities and only limited kitchen facilities in each unit.

OTHER FEES AND CHARGES

Staff has reviewed the relevant cost data for other fees and charges for the last fiscal year, as well as various operational and process issues. Based on these items, additional revisions to the Rate and Fee Schedule are proposed to allow the District to recover the costs of providing these services to its customers. Changes shown below are proposed to become effective February 1, 2008.

Account Establishment Field Charge: It is proposed that the charge be increased from \$31 to \$32.

After-Hours Connection Charge: It is proposed that the charge be increased from \$185 to \$190.

Annexation Charge: It is proposed that the charge be increased from \$1,680 per acre of land to \$1,770 per acre.

Backflow Prevention Device Testing Fee: It is proposed that the charge be increased from \$51.00 to \$54.00 for any size device.

Customer Side Service Line Reconnection Charges: The District will, as a means of minimizing impacts and service outages to its customers, perform all work that is required to reconnect customer service lines and water service appurtenances; when a reconnection is needed as a result of water facility relocations associated with a public agency or municipality improvement project within the public right of way. When customer side service line reconnections are so required the District will apply the following flat rate unit charges for the reconnection work and collect these charges from the public agency or municipality constructing the improvement project:

- (1) Reconnection of Residential and Non-Residential Meter through 1-1/2 Inches \$400
- (2) Reconnection of Residential Fire System (charge is in addition to meter reconnection charge)..... \$100
- (3) Relocation and Reconnection of Backflow Prevention Device through 1-1/2 Inches (charge is in addition to meter reconnection charge)..... \$200

Engineering Fees Minimum: It is proposed that the minimum amount for this fee be increased from \$6,600 to \$6,800.

Fire Hydrant Meter Deposit: It is proposed that the charge be increased from \$1,400 to \$1,440.

Meter Installation Charge – 3/4”: It is proposed that the charge be increased from \$90 to \$100.

Meter Re-Installation Charge: It is proposed that the charge be increased from \$50.00 to \$68.00.

Reconnection Charge: It is proposed that the charge be increased from \$31.00 to \$32.00.

Returned Check Charge: It is proposed that the charge be increased from \$25 to \$28.

In regard to all changes to the District's rates and charges, an exemption is allowed from the applicability of the California Environmental Quality Act, Section 21080(b)(8) of the Public Resources Code if the Board finds that the rate changes are for the purpose of: (1) meeting operating expenses; (2) purchasing or leasing supplies, equipment, and materials; (3) meeting financial reserve requirements; or, (4) obtaining funds for capital projects necessary to maintain services and system reliability within existing service areas.

Upon Board adoption, the consolidated master Rate and Fee Schedule will be updated with the proposed changes. The Board resolution will authorize all rates and charges as shown in the updated consolidated schedule.

President Weed opened the public hearing at 6:27 P.M. and called for comments on the proposed revisions to the District's rates and charges.

A comment was received from resident Wynn Grcich who indicated that she felt the increase was fair.

There being no other comments from the audience on the proposed changes, President Weed closed the public hearing at 6:29 P.M.

A motion was made by Director Lampert, seconded by Director Koller, to 1) make the finding that the rate changes are for one or more of the purposes listed above in regard to the California Environmental Quality Act, and authorize the General Manager to file a Notice of Exemption with the County Clerk; and 2) adopt a resolution implementing the recommended revisions to the rates and charges.

RESOLUTION NO. 08-004

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
MODIFYING VARIOUS RATES AND CHARGES

The motion was passed by the following vote:

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

5.4 AUTHORIZATION OF PURCHASE ORDER FOR PARTICIPATION IN THE DELTA SUPPLY RELIABILITY ASSESSMENT AND ALTERNATIVES EVALUATION STUDY

Mr. Cartwright reported that ACWD and the other South Bay Aqueduct contractors (Zone 7 and Santa Clara Valley Water District) rely on water conveyed through the Sacramento-San Joaquin Delta to meet current and future water demands. Recent developments in the operation of the Delta and the potential impact of climate change could have a significant effect on the short and long term supply reliability of water conveyed through the Delta. The purpose of the proposed study is to begin looking at the potential impact of these developments and identify a range of responses to focus future efforts.

At the request of Zone 7 Water Agency, Camp Dresser & McKee Inc. (CDM), has submitted a proposal to assist ACWD, Zone 7 Water Agency (Zone 7), and Santa Clara Valley Water District (SCVWD) (collectively, Agencies) in evaluating Delta water supply reliability and potential water storage strategies. In light of potential climate change impacts, short-term threats to reliability of existing Delta facilities and potential longer-term changes to the CVP/SWP Operation Criteria and Plan, the study will estimate the potential value to the Agencies of various surface storage options (e.g., Sites, Temperance Flats and Los Vaqueros Expansion, Del Valle Expansion) as part of the Agencies' long term water supply portfolios. The analysis will focus on comparative benefits of expanding Del Valle Reservoir and participating in Los Vaqueros Reservoir project. Other water storage options will also be evaluated at a more conceptual level. Zone 7 will take the lead in administering the contract with CDM. Under a cost-sharing agreement with Zone 7, ACWD and SCVWD will share in the study costs of approximately \$180,000, or approximately \$60,000 per Agency. CDM has recently completed several studies for Bay Area water agencies evaluating water storage and conveyance alternatives. This background along with their experience in Bay-Delta issues makes them highly qualified to perform this contract. Sufficient funds are contained in the FY07/08 budget to cover the costs of this study.

A motion was made by Director Koller, seconded by Director Gunther, to 1) authorize the General Manager to execute a cost-sharing agreement with Zone 7 Water Agency, and 2) authorize a purchase order to Zone 7 Water Agency in an amount not to exceed \$60,000 for ACWD's share of the Delta Supply Reliability Assessment and Alternatives Evaluation study costs.

The motion was passed by the following vote:

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

6 – REPORTS

6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of December 5, 2007: (1) Review of 2007 Water Quality Monitoring Plan Update
- Engineering & Capital Projects Meeting of December 11, 2007: (1) Update on Distribution System Seismic Reliability Study; (2) Revisions to District's Standard Specifications for Water Main Installation
- Legal & Legislative Meeting of December 12, 2007: (1) Review of State and Federal Legislation
- Water Resources Planning Meeting of December 19, 2007: (1) Alameda Creek Fisheries Update; (2) 2008 Dry Year Water Transfer Program Update; (3) Proposed Study: Water Storage Opportunities

6.2 OPERATIONAL REPORTS

- Rainfall Report
- Water Production Report
- Quarterly Groundwater Recharge Report
- Investment Report

6.3 STAFF REPORTS

6.3.1. Bay/Delta Issues Update

- Mr. Wadlow and Ms. Hidas gave a joint presentation to the Board. Discussion ensued.

6.4 GENERAL MANAGER'S REPORTS

- Mr. Piraino reminded the Board that a special meeting would be held on January 17, 2008, commencing at 5:00 P.M. regarding Labor Negotiations.

7 – DIRECTOR'S COMMENTS AND/OR AGENDA ITEM REQUESTS

- Director Weed reminded the Board of the upcoming Employee's Association Holiday Party to be held on January 26, 2008.

Minutes – January 10, 2008

There being no further business to come before the Board, President Weed adjourned the meeting at 7:31 P.M.

Gina Markou, District Secretary

Attest:

John H. Weed, President