

October 9, 2008
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on October 9, 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, and Weed
Absent: Director Lampert

Staff members present: General Manager Paul Piraino, Finance and Administration Manager Will Ligh, Engineering Manager Robert Shaver, Operations Manager Walt Wadlow, Water Resources Planning Manager Eric Cartwright, Water Quality Manager Doug Chun, Environmental Compliance/Emergency Services Supervisor Steve Dennis, Sr. Water Resources Engineer Thomas Niesar, Water Supply Supervisor Laura Hidas, Attorney Ray McDevitt, and Assistant District Secretary Andrew Warren.

President Weed presided.

Director Huang led in the Salute to the Flag.

3 – PUBLIC COMMENTS – None

4 – CONSENT CALENDAR

A motion was made by Director Gunther to add items 5.1 through 5.5 to the Consent Calendar, seconded by Director Koller.

The motion was passed by the following vote:

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

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

- 4.1 Approval of Minutes – Regular Meeting of September 11, 2008
- 4.2 Ratification of Payment of Audited Demands dated September 12, September 19, and September 26, 2008
- 4.3 Resolutions Amending Management, Confidential and Professional Compensation Schedule and for Paying and Reporting a Portion of the Value of Employer Paid Member Contributions

RESOLUTION NO. 08-055

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
PAYING AND REPORTING THE VALUE OF EMPLOYER PAID MEMBER
CONTRIBUTIONS

RESOLUTION NO. 08-056

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AMENDING THE PAYMENT AND REPORTED VALUE OF EMPLOYER
PAID MEMBER CONTRIBUTIONS

- 5.1 Authorization of Purchase Orders for District Vehicles
- 5.2 Authorization of Agreement for Limited-Term Contract Environmental Engineering Services
- 5.3 Adoption of Resolution Authorizing Execution of an Agreement with the Bay Area Clean Water Agencies for the Bunting Pond Fish Screen Project Grant
- 5.4 Resolution Adopting the Bunting Pond Fish Screen Project Initial Study and CEQA Checklist and Mitigated Negative Declaration
- 5.5 Authorization of Contract Change Order No. 2 for the Alameda Reservoir Water Quality Enhancement Construction Project

The motion was passed by the following vote:

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

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

5.1* AUTHORIZATION OF PURCHASE ORDERS FOR DISTRICT VEHICLES

The Board of Directors approved funding in the current budget for the purchase of a ten wheel dump truck and a large utility truck.

The California Air Resources Board requires that 60% of the District’s “Group 2” model year engines/vehicles be either retrofitted or retired by December 2009. Staff conducted an analysis that recommended the replacement (retirement) of several additional vehicles in this group, thus lowering the number to be retrofitted. The District previously conducted a formal bid process for a ten wheel dump truck in March 2008. At that time, requests for quotation were sent to four (4) Freightliner dealers and two dealers responded. The successful bidder was Golden Gate Truck Center of Oakland in an amount of \$131,185.23.

The Distribution Maintenance Division identified the need for a large utility truck (34,000 GVW). The truck was bid in two parts. The cab and chassis requests for quotation were sent to

four (4) Freightliner dealers. The low bidder was Golden Gate Truck Center of Oakland in an amount of \$71,655. The truck body requests for quotation were sent to ten (10) body manufacturing companies. The lowest responsive bidder was Lodi Equipment of West Sacramento in an amount of \$73,562.85. Lodi Equipment's references were satisfactory. Bid summaries are attached. The total assembled cost for this truck is therefore \$145,217.85.

There is sufficient funding in the budget for these purchases.

A motion was made by Director Gunther, seconded by Director Huang to 1) authorize a purchase order to Golden Gate Truck Center in an amount of \$131,185.23 for the purchase of a dump truck; 2) authorize a purchase order to Golden Gate Truck Center for the purchase of a cab and chassis in an amount of \$71, 655; and 3) authorize a purchase order to Lodi Equipment for the purchase of a utility service body in an amount of \$73,562.85.

The motion was passed by the following vote:

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

5.2* AUTHORIZATION OF AGREEMENT FOR LIMITED-TERM CONTRACT ENVIRONMENTAL ENGINEERING SERVICES

Staff environmental engineering services are provided to help ensure continued compliance with California Department of Public Health drinking water regulations. The two Environmental Engineers in the Water Quality Division work closely with the Treatment & Distribution Supervisors and others to prepare the monthly compliance reports, and to provide essential water treatment process support on a variety of key projects and special assignments. Due to maternity leave, only one engineer will be available in coming months and additional staff resources will be needed in order to meet critical work demands.

Environmental engineering work projections for the coming months clearly indicate that there is more work to be done than can be reasonably handled by one individual. After evaluating various alternatives for how the staffing shortfall could be addressed, the recommended approach is to engage the services of a qualified environmental engineer from a consulting firm on a temporary basis. Five firms were contacted and three individuals were interviewed for a limited-term staff environmental engineering position. The position is expected to require 3-5 days of work/week over a 5-month period (October 2008 to March 2009). Malcolm Pirnie, Inc. is the firm that is able to supply the services of an individual that best meets the requirements of the job. The proposed individual has a M.S. degree in Environmental Engineering from Stanford University, is a licensed professional engineer, and has 7 years of experience. This individual's educational background and experience is similar to the staff person she will temporarily replace. The proposed individual has direct experience with South Bay Aqueduct water having previously served in a similar role for the Zone 7 Water Agency when they were shorthanded.

An all-inclusive hourly rate of \$125 has been negotiated with Malcolm Pirnie for the services of the proposed engineer. This rate is comparable to those proposed by the other firms contacted

for engineers of like qualifications and experience. It is projected that the budget for this assignment will not exceed \$102,000. The position will be funded from salary savings within the Operations Department. This proposal was reviewed with the Operations/Water Quality Committee on October 1, 2008.

A motion was made by Director Gunther, seconded by Director Huang to 1) authorize a purchase order to Malcolm Pirnie, Inc. for consulting services not to exceed \$102,000, and 2) authorize the General Manager to execute a services agreement, Job 2243.

The motion was passed by the following vote:

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

5.3* **ADOPTION OF RESOLUTION AUTHORIZING EXECUTION OF AN AGREEMENT WITH THE BAY AREA CLEAN WATER AGENCIES FOR THE BUNTING POND FISH SCREEN PROJECT GRANT**

Full fish passage restoration within Alameda Creek ultimately requires screening all of the District's diversion facilities in Alameda Creek. The District completed installation of the first set of fish screens above Rubber Dam No. 3 in March 2008.

On August 14, 2008, the Board authorized a purchase order with CH2M Hill for preliminary and final design services for the Bunting Pond Fish Screen. To help fund this project, the District has been pursuing Department of Water Resources (DWR) Proposition 50 grant funds; the Bunting Fish Screen project was one of 15 projects in the Bay Area selected to receive funding from this grant. Grants for all of the Bay Area projects (\$12,500,000) will be administered by the Bay Area Clean Water Agencies (BACWA), a Joint Powers Authority consisting of public agencies within the counties of Marin, San Francisco, Alameda, San Mateo, Napa, Solano, Contra Costa, Santa Clara and Sonoma.

The District must enter into an agreement with BACWA to receive its share of the Proposition 50 grant funding for this project. The District's grant allocation for the Bunting Pond Fish Screen Project is \$600,000, which will be applied to the CEQA documentation, design, and construction of the project. Construction is scheduled for the summer of 2009. District staff and legal counsel have reviewed the agreement and determined that the terms are acceptable.

A motion was made by Director Gunther, seconded by Director Huang to adopt a resolution authorizing the General Manager to execute a grant agreement with the Bay Area Clean Water Agencies for the Bunting Pond Fish Screen Project, Job 4312.

RESOLUTION NO. 08-057

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN
AGREEMENT WITH THE BAY AREA CLEAN WATER AGENCIES FOR
THE BUNTING POND FISH SCREEN PROJECT GRANT

The motion was passed by the following vote:

AYES: Directors Gunther, Huang, Koller, and Weed

NOES: None

ABSENT: Director Lampert

5.4* RESOLUTION ADOPTING THE BUNTING POND FISH SCREEN PROJECT
INITIAL STUDY AND CEQA CHECKLIST AND MITIGATED NEGATIVE
DECLARATION

On September 14, 2006, the Board awarded the environmental consulting services contract to Hanson Environmental, Inc. to prepare the Initial Study and CEQA Checklist, and the Mitigated Negative Declaration (IS/MND) documents for the Bunting Pond Fish Screen Project.

In accordance with CEQA, a legal notice was published in The Argus, and copies of the Notice of Intent to Adopt a Mitigated Negative Declaration (NOI), along with the IS/MND, were submitted to the County Clerk, State Clearinghouse, and various agencies for review. The NOI and IS/MND were also posted on the District's website. The required 30-day public comment period was from August 25, 2008, through September 23, 2008.

No comments were received and staff has concluded that the project will not have a significant effect on the environment. Mitigation measures in the document include water quality control, erosion control, and site restoration. The IS/MND, which includes the Mitigation and Monitoring Plan, is incorporated as an attachment to the resolution proposed for adoption.

A motion was made by Director Gunther, seconded by Director Huang to adopt a resolution which: 1) adopts the Mitigated Negative Declaration for the Bunting Pond Fish Screen Project and 2) adopts the mitigation measures and monitoring procedures contained in the Mitigation and Monitoring Plan, Job 6323.

RESOLUTION NO. 08-058

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING A MITIGATED NEGATIVE DECLARATION FOR THE
BUNTING POND FISH SCREEN PROJECT (REFERENCED AS PROJECT
01G06/GG11.01 WITHIN THE DISTRICT'S CAPITAL IMPROVEMENT
PROGRAM)

The motion was passed by the following vote:

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

5.5* AUTHORIZATION OF CONTRACT CHANGE ORDER NO. 2 FOR THE ALAMEDA
RESERVOIR WATER QUALITY ENCHANCEMENT CONSTRUCTION PROJECT

On April 8, 2008, the Board awarded the contract for the Alameda Water Quality Enhancement Project to E. E. Gilbert Construction, Inc. in the amount of \$311,779. Change Order No. 1 in the amount of \$9,180 was previously authorized by the Board. The project construction is approximately 95% complete.

Change Order No. 2 in the amount of \$8,926 has been prepared to cover the following work requested by the District: 1) extend concrete curbing (\$983); 2) relocation of a backflow preventer (\$508); and 3) install additional asphalt pavement as a result of an electrical conduit relocation (\$3,085) and the repair of pre-existing deteriorated asphalt surfaces (\$4,350). Staff has reviewed the cost 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.

A motion was made by Director Gunther, seconded by Director Huang to approve Change Order No. 2 in the amount of \$8,926 to E.E. Gilbert Construction, Inc. for the Alameda Reservoir Water Quality Enhancement Construction Project, Job 6328.

The motion was passed by the following vote:

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

5.6 RESOLUTION AWARDING CONTRACT FOR DESALINATION SUPPLY
PIPELINES

Mr. Shaver reported in order to accommodate the Newark Desalination Facility (NDF) Expansion Project, new pipelines are required to convey additional brackish supply water from existing Aquifer Reclamation Program (ARP) wells to the NDF. Phase 1 of the ARP Wells to Desal Pipelines project was completed in 2003 and connected the Cedar and Darvon ARP wells to the NDF. Phase 2 will similarly connect the Bellflower and Farwell ARP wells. The project consists of the installation of approximately 5,900 linear feet of 22-inch and 3,200 linear feet of 16-inch diameter high density polyethylene pipe within the cities of Fremont and Newark. Various construction methods will be required, including: microtunneling under I-880; boring and jacking; horizontal directional drilling; and traditional open cutting. The project was advertised for bids on August 11, 2008.

Nine (9) bids were received and opened on September 10, 2008. All bids were checked arithmetically and for compliance with the bidding requirements. The fifth, seventh and ninth low bids contained minor irregularities and the fifth and sixth low bids contained math errors.

The totals for comparison ranged from \$3,756,925.75 to \$5,739,863. The engineer's estimate for the work was \$5,573,708.

R.J. Gordon Construction, Inc., of Pleasant Hill, California, submitted the lowest bid. This firm has been in the contracting business under its present name for 18 years doing work similar to that required. References were checked and it was confirmed that the contractor has the necessary qualifications and experience to perform the work. R.J. Gordon Construction, Inc. recently completed the Cedar 2 ARP Well Intertie Pipeline for the District. There is sufficient funding in the budget for this project.

A motion was made by Director Gunther, seconded by Director Koller to award the contract for the ARP Wells to Desal Pipelines, Phase 2 to R.J. Gordon Construction, Inc, in the amount of \$3,756,925.75, which is the total of the unit price and lump sum payment items, Job 6349.

RESOLUTION NO. 08-059

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO R.J.
GORDON CONSTRUCTION, INC., FOR JOB 6349

The motion was passed by the following vote:

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

5.7 RESOLUTION AWARDING CONTRACT FOR BELLFLOWER AND FARWELL
ARP WELL SITE UPGRADE PROJECT

Mr. Shaver reported that the Bellflower and Farwell Aquifer Reclamation Program wells will be used to supply brackish water to the Newark Desalination Facility (NDF) as part of the NDF Expansion Project. As a result, the two well sites need to be upgraded with pumping, electrical, and SCADA equipment capable of integrating with the overall NDF water supply system. Well site upgrades include the demolition of existing equipment and the installation of new pumping equipment, electrical switchgear assemblies, PLCs, piping, and pump houses. The pumping equipment and electrical switchgear assemblies have been purchased by the District and will be supplied to the site contractor for installation.

Nine bids were received and opened on September 12, 2008. The bids ranged from a low of \$832,865 to a corrected high of \$1,350,602. The engineer's estimate was \$1,100,000. All bids were checked for accuracy and compliance with the bidding requirements. Two bids were non-responsive: one bidder failed to submit a complete proposal and another bidder did not provide the cost for one item on the payment item schedule.

JMB Construction, Inc. of South San Francisco, California submitted the lowest bid. This firm has been in the contracting business under its present name for 18 years. References were

checked and were found to be satisfactory. There is adequate funding in the project budget for this expenditure.

A motion was made by Director Gunther, seconded by Director Huang to adopt a resolution to award the contract for the Bellflower and Farwell ARP Well Site Upgrade Project to JMB Construction, Inc., in the amount of \$832,865, which is the total of the unit price and lump sum payment items, Job 4311.

RESOLUTION NO. 08-060

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO JMB
CONSTRUCTION, INC., FOR JOB 4311

The motion was passed by the following vote:

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

6 – REPORTS

6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of September 3, 2008: 1) Distribution Maintenance Division Staffing
- Engineering & Capital Projects Meeting of September 9, 2008: 1) Niles Roadway Improvements; 2) BART Warm Springs Extension
- Legal & Legislative Meeting of September 10, 2008: 1) Review of State and Federal Legislation
- Water Resources Planning Meeting of September 17, 2008: 1) Los Vaqueros Expansion Project; 2) 2009 Drought Water Bank; 3) Water Supply Assessment Updates
- Administrative & Finance Meeting of September 23, 2008: 1) Unaccounted for Water

6.2 OPERATIONAL REPORTS

- Rainfall Report
- Quarterly Groundwater Recharge Report
- Water Production Report
- Investment Report
- Quarterly Directors' Expense Report

6.3 STAFF REPORTS

- 2009 Water Supply Outlook – Ms. Hidas and Mr. Cartwright informed the Board that with uncertain hydrology and challenges such as the Wanger decision, our water supply may be affected for 2009. Local groundwater conditions are healthy due to measures taken over the past year. The District is taking proactive measures to help mitigate the potential impact of dry climate and other challenges by carrying over 7,400 acre feet in San Luis Reservoir and 5,000 acre feet in Lake Del Valle, returning up to 10,000 acre feet of Semitropic supply in 2008, continued aggressive imports to maintain health of local groundwater basin, and notifying the Department of Water Resources of the District’s potential interest in the 2009 Drought Water Bank. Recommendations for dry year contingency planning include utilization of local groundwater reserves, conservation measures and drought rate structure planning. Staff will continue to keep the Board updated on water supply conditions during the winter months. Should the current State Water Project allocation of 15% remain in place as a result of continued dry year conditions in 2009, there may be a need to increase conservation efforts to achieve a 10 – 20% demand reduction by spring 2009.

Discussion ensued and staff answered questions from the Board.

- Climate Change/AB 32 Issues – Mr. Shaver informed the Board that climate change could potentially impact the District in numerous ways, from water supply (groundwater being impacted by rising sea levels) to increased water use as temperatures increase. He explained that the State of California is taking measures to help mitigate the impacts of climate change. One such measure is the California Climate Action Registry, formed in 2001. With over 350 members, the registry serves to promote credible, accurate and consistent greenhouse gas (GHG) reporting standards and is intended for members to receive “credit” for early actions in light of future GHG regulatory programs. Mr. Shaver reviewed the terms of Assembly Bill 32 (AB32), The California Global Warming Solutions Act of 2006. This measure finds that global warming poses a threat to California’s well being. One of the objectives of AB32 is for the State to meet 1990 levels of GHG emissions by the year 2020. Development of the regulations to achieve the goals of AB32 is the responsibility of the California Air Resources Board (ARB). The District has been working with ARB on developing appropriate regulations for the water industry through the California Urban Water Agencies (CUWA) Climate Change Committee. Additionally, the District has implemented measures to increase the efficiency of its operations and reduce the underlying causes of global warming: reducing CO₂ emissions by purchasing hybrid vehicles, use of hydropower, energy optimization (Critical Peak Pricing Program), solar energy, and various conservation programs. Adaption is key due to the potential risk of reduced snow pack, rising sea levels, and vulnerabilities across all water systems due to climate change. Mr. Shaver recommended to the Board that the District should join the California Climate Action Registry.

Discussion ensued and staff answered questions from the Board.

6.4 GENERAL MANAGER'S REPORT

- Mr. Piraino and Mr. Wadlow briefed the Board with what is currently known so far regarding the October 6, 2008 Alameda Creek incident in which up to several thousand fish were killed. The incident and the cause are still under investigation by ACWD and several state and local agencies. At this time however, it does appear that there is a connection between the season's first storm of the year and this event. It is possible that organic matter, such as aquatic and terrestrial plant material, washed down Alameda Creek after several months of no precipitation. Decomposed leaves and other plant materials from storm drains and flood control channels washed downstream after the first rain of the season the night of Saturday, October 4, continuing through Sunday morning. More material than usual could have been washed down due to dry conditions since last March. The storm itself peaked at approximately 240 cubic feet per second at about noon on Saturday, bringing about 42 million gallons of runoff down to Rubber Dam 3 (RD3), which did remain inflated. This impounded water before, during and after the storm event. This potentially heavy load of decomposed organic matter may have affected the depletion of oxygen the fish needed to survive, but it is not yet certain. All the information that the District has received thus far indicates that the event was most likely a natural phenomenon related to the quality of water from the storm water runoff. There is also a possibility that a minor spill of secondary treated water from Dublin-San Ramon Services District's wastewater treatment plant in Pleasanton, which occurred Monday, October 6 at 3:30 AM, may have contributed to this event. This is yet to be determined and is being investigated by the Regional Water Quality Control Board. When given the opportunity through public inquiries and news media, customers have been assured that this situation has no impact on their drinking water supply. The area affected has been isolated from the District's off-stream groundwater percolation facilities and there is no evidence that local groundwater supplies have been adversely affected. The dissolved oxygen in the water behind RD3 has been regularly tested over the summer months in conjunction with the Steelhead Fisheries studies. Test results taken just a week before the incident indicated a healthy level of dissolved oxygen in the water. Tests subsequent to the event confirm a progressive increase in dissolved oxygen and fish have been observed swimming in the pool behind RD3 in the last few days with no sign of stress. In conclusion, the District is continuing to work with the State Department of Fish and Game and other agencies to ensure that the impact to fish and the environment is minimized. Once all information gathered from the District and other agencies is analyzed by District staff and experts retained by the District to assist in reviewing the data, conclusions regarding causes of the situation should be available.

Discussion ensued and staff answered questions from the Board.

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

- Director Weed commented on the impact of financing costs in the SFPUC's Water System Improvement Program and its potential effect on future rates and on the Master Water Sales Agreement currently being negotiated.

- Director Weed also inquired about the amount of money that is held by the District in any one financial institution due to the country's current financial crisis. Mr. Ligh reported that when the District invests in CD's, for example, the financial institutions are required to keep collateral of 110% of the investment. As a precautionary measure, the District does not keep extra cash in accounts that cover payroll or accounts payable items until it is needed to pay those items. They are usually transferred into the accounts the day before. Director Weed asked if the District can look into measures to further diminish the chance of funds being lost due to a bank's closure.

There being no further business to come before the Board, the meeting closed at 7:47 P.M.

Andrew Warren, Assistant District Secretary

Attest:

John H. Weed, President