

January 8, 2009  
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on January 8, 2009 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, Financial Services Manager Michael Yee, Attorney Patrick Miyaki and District Secretary Gina Markou.

President James Gunther presided.

Director Weed led in the Salute to the Flag.

3 - PUBLIC COMMENTS – Ms. Wynn Grich, a resident of Union City, addressed the Board and emphasized her concerns regarding the potential effects of fluoride on human health.

#### 4 - CONSENT CALENDAR

A motion was made by Director Lampert to add Items 5.1 through 5.3 to the Consent Calendar, seconded by Director Koller.

The motion was passed by the following vote:

AYES: Directors Koller, Huang, Lampert, Weed, and Gunther  
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 11, 2008
- 4.2 Ratification of Payment of Audited Demands dated December 12, and December 19, 2008
- 5.1 Authorization for Participation in the 2009 High Efficiency Clothes Washer Rebate Initiative and of a Purchase Order to Pacific Gas and Electric Company for Administration of the Program
- 5.2 Authorization of Purchase Order for Chemical Metering Pumps for the Blending Facility and Water Treatment Plant No. 2
- 5.3 Change Order No. 1 for the Inland Saltwater Intrusion Monitoring Wells Project

The motion was passed by the following vote:

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

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

5.1\* AUTHORIZATION FOR PARTICIPATION IN THE 2009 HIGH EFFICIENCY CLOTHES WASHER REBATE INITIATIVE AND OF A PURCHASE ORDER TO PACIFIC GAS AND ELECTRIC COMPANY FOR ADMINISTRATION OF THE PROGRAM

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In 2008, ACWD participated in the Bay Area Water Agency and Pacific Gas and Electric Company (PG&E) Cooperative Clothes Washer Rebate Initiative Program (“Program”). PG&E acted as the Program administrator. The intent of the Program was to encourage customers to purchase high efficiency clothes washers, as well as encourage manufacturers to develop and market these washers, by providing rebates for the most water-efficient clothes washers available. The Program has been very successful, resulting in over 2000 high efficiency washers installed within ACWD’s service area during 2008.

Staff proposes to continue the existing Program for another six months, through the end of the current fiscal year 08/09, with an option to extend it for another six months if sufficient funds are available. During the 2009 Program, rebates will be provided for Consortium for Energy Efficiency Tier 2 and Tier 3 Clothes Washers. Tier 2 washers will be eligible for a \$125 rebate (\$35 from PG&E and \$90 from ACWD). Tier 3 washers will be eligible for a \$200 rebate (\$75 from PG&E and \$125 from ACWD). Union Sanitary District (USD) has also indicated that they will cost-share in the Program, and reimburse ACWD \$25 for every rebate provided. Based on USD’s cost-sharing participation and based on an estimated 1000 rebates for ACWD’s service area for the remainder of fiscal year 08/09, the total estimated net cost for ACWD’s share of the rebates is \$100,000. ACWD will also be responsible for PG&E program administration fees. These administration fees are estimated at \$10,000 for a total six month ACWD program net cost of \$110,000, and a total program cost of \$135,000 (inclusive of USD’s share).

The existing agreement between ACWD and PG&E will need to be amended to continue the Program through the end of this fiscal year 08/09, with an option to continue through until December 31, 2009 for program administration. Sufficient funds are contained in the FY 08/09 budget to cover the costs of this program.

A motion was made by Director Lampert, seconded by Director Huang to 1) approve ACWD’s participation in the 2009 Bay Area Water Agency and PG&E Cooperative Clothes Washer Rebate Initiative until the end of the current fiscal year 08/09, effective January 1, 2009, 2) authorize the General Manger to amend the existing agreement with PG&E, for program administration, for six months, with an option to continue until December 31, 2009, 3) authorize a Purchase Order to Pacific Gas and Electric Company in an amount not to exceed \$135,000 for ACWD and USD’s portion of the rebates and related fees for the Program.

The motion was passed by the following vote:

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

**5.2\* AUTHORIZATION OF PURCHASE ORDER FOR CHEMICAL METERING PUMPS  
FOR THE BLENDING FACILITY AND WATER TREATMENT PLANT NO. 2**

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As part of the regular equipment replacement program at WTP2, the chemical metering pumps for aqueous ammonia are scheduled for replacement this year. Similarly, as part of the Blending Facility Upgrades project, the chemical metering pumps for sodium hypochlorite, sodium hydroxide, and hydrofluosilicic acid are scheduled for replacement. Since District maintenance staff will be performing all the installation work, the replacement pumps are being purchased by the District. A total of fifteen pumps will be replaced.

The District has standardized on chemical metering pumps manufactured by Milton Roy. District staff requested the local Milton Roy metering pump representative, Burlingame Engineers of Concord, CA, to furnish a quote for the replacement pumps. The total cost for the fifteen pumps is \$132,969 which includes tax and freight, and reflects a 7.5% quantity discount.

There is adequate funding in the budget for this expenditure.

A motion was made by Director Lampert, seconded by Director Huang to authorize a purchase order to Burlingame Engineers for fifteen Milton Roy Metering Pumps, equipped per their proposal, for \$132,969.

The motion was passed by the following vote:

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

**5.3\* CHANGE ORDER NO. 1 FOR THE INLAND SALTWATER INTRUSION  
MONITORING WELLS PROJECT**

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On December 11, 2008, the Board awarded the contract for the Inland Saltwater Intrusion Monitoring Wells Project to Precision Sampling, Inc. in the amount of \$177,200. The contract scope includes the installation of seven groundwater monitoring wells, which will allow the District to better understand the hydrogeology in the central section of the Niles Cone Groundwater Basin. Construction is scheduled to begin on January 12, 2009.

Construction costs related to the Inland Saltwater Intrusion Monitoring Wells Project are being funded by a Local Groundwater Management Assistance Program grant from the California Department of Water Resources (DWR). The installation of four additional monitoring wells will maximize the benefit of DWR's \$250,000 grant by further defining the extent of brackish water in the Centerville and Fremont Aquifers near the Mowry Wellfield.

Change Order No. 1 in the amount of \$84,107 has been prepared to install the four additional Centerville Aquifer monitoring wells. These wells would be located either adjacent to the original project scope wells or near other existing wells. Staff has evaluated the cost for this additional work to be fair and reasonable because the unit and lump sum amounts are based on the existing contract with Precision Sampling, Inc. Additionally, the proposed change in scope is consistent with DWR's grant funding agreement. To implement the additional scope of work, Precision Sampling, Inc. has requested an extension of 39 calendar days. Staff has reviewed the request for additional time and has determined that it is appropriate for the work to be performed.

There is adequate funding in the budget to cover the costs that are above the amount of DWR's grant. Contingent on Board approval, the revised total amount of the drilling contract, including Change Order No. 1, is \$261,307 and is below the original engineer's estimate of \$267,600.

A motion was made by Director Lampert, seconded by Director Huang to 1) approve Change Order No. 1 in the amount of \$84,107 which is the total of unit price payment items and lump sum costs; and 2) grant a time extension of 39 calendar days to Precision Sampling, Inc. for the Inland Saltwater Intrusion Monitoring Wells Project, Job 6367.

The motion was passed by the following vote:

AYES: Directors Koller, Huang, Lampert, Weed, and Gunther

NOES: None

ABSENT: None

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

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Mr. Piraino reported that at the meeting of November 13, 2008, the Board received staff recommendations and called for a Public Hearing on January 8, 2009, to receive and consider comments on proposed revisions to certain District rates and charges.

Notices were mailed to all property owners who receive water service from the District on November 24, 2008 notifying them of a proposed 6.0 percent water rate and service charge increase. Two legal notices were published in The Argus on December 29, 2008 and January 3, 2009, and notices of the public hearing were 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 was published in The Argus on November 30, 2008. Mr. Piraino reported that the District had received twenty-one written protests opposing the rate increase and one letter complimenting the District.

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 6.0% effective February 1, 2009 to help recover increasing operating expenses as well as to help fund capital projects needed to comply with state and federal drinking water regulations and to maintain the reliability of the water system. Among other factors, the District is having to respond to an unusual combination of decreased water demand, drought, economic uncertainty, increased labor related costs, and increased purchased water costs. Staff also proposes a 6.0% increase for those customers who are outside the District’s boundaries, and for the very limited number of customers who only use San Francisco Water, a 12.0% increase.

The proposed base commodity rates are summarized below.

	<u>Current</u>	<u>Proposed Eff. 2/1/09</u>
Base Commodity Charge (per HCF):		
Inside District	\$ 2.388	\$ 2.531
Outside District	2.745	\$ 2.910
San Francisco Water Service	2.395	\$ 2.682

February 1 is proposed as the effective date to ensure compliance with Proposition 218 notification requirements.

BIMONTHLY SERVICE CHARGE

The bimonthly service charge is set 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. The bimonthly service charge was last adjusted in January 2006. It is proposed that the bi-monthly service charge be increased by 6.0% for all meter sizes and customer types. This means that for a 5/8 inch or 3/4 inch meter, the bimonthly charge would be increased from \$10.08 to \$10.68.

COST COMPARISON - AVERAGE WATER BILL

The net effect of the proposed increase to the base commodity rate, and service charge, would increase the total bi-monthly water bill for an average residential customer who uses 25 units of water (approximately 308 gallons per day) by \$4.18 from \$69.78 to \$73.96, which would mean a \$2.09 increase per month, or less than 7 cents a day.

The \$4.18 bi-monthly increase for the average customer is made up of the following cost components:

Purchased Water	\$1.03	25%
Operating Expenses	\$1.00	24%
Maintenance Expenses	\$0.73	17%
Capital	\$0.63	15%
Admin & General	\$0.42	10%
Debt Service	\$0.19	5%
Power	<u>\$0.18</u>	<u>4%</u>
Total	\$4.18	100%

This proposed increase 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 2009 rates with the current 2008 rates of all the other surveyed agencies. A number of these agencies are projecting double-digit increases next year, which means ACWD’s 2009 rates will compare even more favorably with other agencies’ 2009 rates, reflecting the District’s efforts to control costs while providing a high level of service to our customers.

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, 2009 were previously adopted by the Board on January 10, 2008.

Based on the Financial Planning Model’s latest projection of growth-related capital projects and projected revenue, staff is proposing a 5.0% increase to both the general Facilities Acreage Charge and potable Facilities Connection Charges effective February 1, 2010. The new February 1 effective date is being proposed to bring about greater consistency amongst all the other rates and charges in regards to their effective date.

All of the above-proposed changes are shown below.

	<u>Adopted</u> <u>Eff. 1/1/09</u>	<u>Proposed</u> <u>Eff. 2/1/10</u>
Facilities Acreage Charge (General)	\$ 6,329	\$ 6,645

Facilities Connection Charge (Residential Meters)

	<u>Adopted</u> <u>Eff. 1/1/09</u>	<u>Proposed</u> <u>Eff. 2/1/10</u>
Single Family Dwelling Units	\$ 5,546/du	\$ 5,823/du
Multiple Dwelling Units	\$ 4,439/du	\$ 4,661/du

Residential Dormitory Meter Facilities Connection Charge

	<u>Adopted</u> <u>Eff. 1/1/09</u>	<u>Proposed</u> <u>Eff. 2/1/10</u>
	\$ 3,329/unit	\$ 3,495/unit

Facilities Connection Charge (Nonresidential, Municipal and Irrigation Meters)



	<u>Current</u>	<u>Proposed Eff. 2/1/09</u>
After-Hours Connection Charge	\$ 190	\$ 198
Annexation Charge (per acre)	1,770	1,830
Backflow Prevention Device Testing Fee	54	57
Damaged Angle Stop Charge	70	84
Engineering Fees Minimum	6,800	7,700
Fire Hydrant Meter Deposit	1,440	1,700
Meter Installation Charge – 3/4”	100	110
Meter Installation Charge – 1”	130	150
Meter Installation Charge – 1 1/2”	250	350
Meter Re-Installation Charge	68	71
Returned Check Charge	28	30

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 Gunther opened the public hearing at 6:40 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 was not opposed to the increase and felt that the increase was fair.

Resident B.J. Bunting stated he felt the water rates were in order.

There being no other comments from the audience on the proposed changes, President Gunther closed the public hearing at 6:47 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. 09-001

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

The motion was passed by the following vote:

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

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## 6 – REPORTS

### 6.1 BOARD COMMITTEE REPORTS

- Engineering & Capital Projects Meeting of December 9, 2008: (1) Deer Road Property; (2) Proposed Creekside Landing Development; (3) Proposed Ballpark Village Development; (4) Mission San Jose Water Treatment Plant Modifications
- Water Resources Planning Meeting of December 17, 2008: (1) 2009 Water Supply Outlook; (2) Dry Year Contingency Planning
- Administrative & Finance Meeting of December 19, 2008: (1) Review of Proposed Rates and Charges
- Legal & Legislative Meeting of December 23, 2008: (1) Review of State Legislation

### 6.2 OPERATIONAL REPORTS

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

### 6.3 STAFF REPORTS – None

### 6.4 GENERAL MANAGER’S REPORTS

- Mr. Piraino referenced the Delta Vision Committee Implementation Report, which has been received by the Board. Mr. Piraino advised that more information will be provided as time goes by in terms of recommendations of that committee in dealing with the ecosystem and water supply problems in the Delta.

## 7 – DIRECTOR’S COMMENTS AND/OR AGENDA ITEM REQUESTS

- Director Lampert inquired as to the interest rates of the funds that the District has invested. Mr. Ligh informed the Board that the District is maintaining close to a 3% return which includes investments that were done 2 ½ years ago.
- Director Weed advised that at a federal level public works “New Deal” type of projects appear to be of interest, emphasizing shovel ready projects and low interest

rates or direct funding for those type of projects to public agencies. It would be helpful to take a look at the District's CIP and identify the projects that would be shovel ready and could be tossed into the hopper or the ones that are close enough to be shovel ready could be brought up to the point where they were ready to be submitted for funding – a different criteria that has been used in the past for measuring the District's projects.

- Director Lampert stated that rather than each public agency in the area doing its own thing with respect to funding it might make more sense to work with other agencies whether cities or the County of Alameda to present a unified package.
- Mr. Piraino advised that quite a bit of work has been done in compiling lists of capital projects that might be funded through the Bay Area Integrated Water Resources Management Program effort required by Propositions 50 and 85. This includes water, wastewater, flood control, and ecosystem/watershed projects.

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There being no further business to come before the Board, President Gunther adjourned the meeting at 7:00 P.M.

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Gina Markou, District Secretary

Attest:

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James G. Gunther, President