

July 9, 2009
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on July 9, 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 Koller, Huang, Reynolds, Weed and Gunther

Staff members present: General Manager Paul Piraino, Engineering Manager Bob Shaver, Finance and Administration Manager Will Ligh, Operations Manager Walt Wadlow, Human Resources Manager Altarine Vernon, Attorney Patrick Miyaki and Assistant District Secretary Andrew Warren.

President James Gunther presided.

Director Koller led in the Salute to the Flag.

- Recognition of Distribution Maintenance Manager Frank Price upon His Retirement from District Service – President Gunther read aloud a letter addressed to Mr. Price expressing appreciation for the 12 years of service to the District.

3- PUBLIC COMMENTS

Ms. Wynn Grcich, a resident of Union City, addressed the Board and again emphasized her concerns regarding the potential effects of fluoride on human health. The Board briefly responded to Ms. Grcich's concerns.

4 – CONSENT CALENDAR

A motion was made by Director Huang to add Items 5.1 through 5.8 to the Consent Calendar, seconded by Director Weed.

The motion was passed by the following vote:

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

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

- 4.1 Approval of Minutes – Special Meeting of June 1, 2009
- 4.2 Ratification of Payment of Audited Demands dated June 12, June 19, June 26 and July 2, 2009
- 5.1 Resolution Honoring Marilyn J. Wright upon Her Retirement from District Service

- 5.2 Resolution Honoring Gary W. Erb upon His Retirement from District Service
- 5.3 Resolution Accepting Completion of the Vineyard Heights Tank Seismic Upgrade
- 5.4 Authorization of Purchase Order for Filter Pilot Program Services
- 5.5 Renewal of Workers' Compensation Insurance Coverage for Fiscal Year 09/10
- 5.6 Renewal of Property and Liability Insurance Coverage for Fiscal Year 09/10
- 5.7 Resolution Approving and Authorizing Execution of Agreement with the Santa Clara Valley Transportation Authority for Utility Relocations
- 5.8 Authorization of Purchase Order for a Mobile Communications and Tracking System

The motion was passed by the following vote:

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

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

5.1* RESOLUTION HONORING MARILYN J. WRIGHT UPON HER RETIREMENT FROM DISTRICT SERVICE

Marilyn Wright will retire effective July 10, 2009 with 31 years of service with the District.

Marilyn started with the District as a Customer Account Assistant on June 5, 1978.

In 1987, she was promoted to Customer Account Rep II. Over the years, Marilyn has worked at every desk in Customer Service including the drive up window at the Old Headquarters building. She has attained tremendous knowledge and experience which she has generously imparted to co-workers. Marilyn has also provided excellent service to the District's customers. She has been a valuable asset to ACWD and she will be missed by her many friends here at the District.

A motion was made by Director Reynolds, seconded by Director Koller to adopt a resolution honoring Marilyn Wright and expressing appreciation for 31 years of service.

RESOLUTION NO. 09-034

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
HONORING MARILYN J. WRIGHT UPON HER RETIREMENT FROM
DISTRICT SERVICE

The motion was passed by the following vote:

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

5.2* RESOLUTION HONORING GARY W. ERB UPON HIS RETIREMENT FROM DISTRICT SERVICE

Gary W. Erb will retire effective July 31, 2009, with 32 years of service with the District.

Gary started with the District as a Utility Worker 1 on December 12, 1977. In 1983, Gary was promoted to Utility Worker 2 and again promoted in 1985 to Utility Worker 3. Gary is ending his career at the District as a Utility Worker Leader, which he was promoted to in February 2009. Gary has been praised over the years for his dedicated service not only by his supervisors, but by the public, vendors, and contractors. He will be truly missed as he is an invaluable asset to the District.

A motion was made by Director Reynolds, seconded by Director Koller to adopt a resolution honoring Gary W. Erb and expressing appreciation for 32 years of service.

RESOLUTION NO. 09-035

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
HONORING GARY W. ERB UPON HIS RETIREMENT FROM DISTRICT
SERVICE

The motion was passed by the following vote:

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

5.3* RESOLUTION ACCEPTING COMPLETION OF THE VINEYARD HEIGHTS SEISMIC UPGRADE

On November 13, 2008, the construction contract for the Vineyard Heights Tank Seismic Upgrade Project was awarded to Paso Robles Tank, Inc. in the amount of \$778,500. The project scope of work consisted of replacing the lower tank shell with thicker steel plate, anchoring the tank shell, upgrading the inlet/outlet and overflow piping, coating the tank, and miscellaneous electrical work.

The tank was placed into service on June 11, 2009, and the project was substantially complete on June 17, 2009. Two change orders totaling \$22,546 were previously authorized by the Board. The total project cost, including all change orders and quantity adjustments for unit items, is \$800,546.

A motion was made by Director Reynolds, seconded by Director Koller to adopt a resolution accepting completion of the contract for the Vineyard Heights Tank Seismic Upgrade Project, Job 6351.

RESOLUTION NO. 09-036

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING COMPLETION OF CONTRACT NO. 3613, PASO ROBLES
TANK, INC, JOB 6351

The motion was passed by the following vote:

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

5.4* AUTHORIZATION OF PURCHASE ORDER FOR FILTER PILOT PROGRAM
SERVICES

Water Treatment Plant 2 (WTP2) has six dual-media filters: three anthracite and sand (Filters 1, 2, and 3) and three granular activated carbon (GAC) and sand (Filters 4, 5, and 6). The GAC filter media has been installed at WTP2 for 16 years in Filter 5 and 11 years in Filters 4 and 6. The media replacement in Filters 4, 5, and 6 is scheduled and budgeted for replacement in March 2010. Because filter media design and replacement are critical to the treated water quality, production efficiency, and permitted filtration rates, a filter pilot study is needed to evaluate alternative designs and provide needed data for California Department of Public Health (CDPH) approval. Due to varying source water quality, it is important to conduct the pilot study for both summer and winter conditions.

The main reasons for piloting different media designs include: 1) identifying a design best suited for increasing production under the expected range of water quality conditions, 2) ensuring selection of the alternative with the lowest life cycle cost, and 3) maintaining high filtered water quality.

Immediate procurement of a pilot plant with a minimum of 4 filter columns is needed to support selection of the best media. Other public agencies in the area were contacted and only two, the San Francisco Public Utilities Commission (SFPUC) and the Santa Clara Valley Water District (SCVWD) have pilot filter plants. Both utilities have already committed their pilot plants to testing starting within the next month. The SCVWD has two unused pilot columns in need of repair that could be borrowed, but rehabilitation could take up to three months and cost several thousand dollars. Commercially available units were also investigated and are summarized in Table 1 below. Based on availability and the number of units available, Camp Dresser and McKee (CDM) and Intuitech were determined to be the only companies able to meet our immediate needs.

Table 1. PILOT PLANT ALTERNATIVES

Company	Cost	Availability	# Pilot Filter Columns
SCVWD	Rehabilitation	3 months for rehabilitation	2 units
SFPUC	Unavailable	Unavailable	n/a
CDM	\$50,000/4 units/8 months	Delivery in 3-4 wks	4 units
Intuitech	\$42,000/4 units/8 months	Delivery in 3-4 wks	4 units
WQTS	--	Unavailable	1 unit

Based upon the equipment and services offered, CDM’s proposal was determined to be superior. CDM will deliver and help install the pilot plant equipment at WTP2, and train staff in its use. In addition, CDM’s proposal includes limited technical support including review of the test plan, weekly data review, operational assistance via phone and email, and final report review. As the original designer of WTP2, CDM conducted the original pilot study and is very knowledgeable of current filter designs at plants treating Delta water. The results of the pilot study will also provide valuable data to the CDM design team for the MSJWTP 2011 Modifications Project. For these reasons, staff recommends that CDM be selected to provide filter pilot program services at a cost not-to-exceed \$50,000. Sufficient funds are available for the services to be provided in the FY 09/10 budget.

A motion was made by Director Reynolds, seconded by Director Koller to authorize a purchase order to Camp Dresser and McKee for filter pilot program services in an amount not to exceed 50,000.

The motion was passed by the following vote:

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

5.5* RENEWAL OF WORKERS’ COMPENSATION INSURANCE COVERAGE FOR FISCAL YEAR 09/10

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

The District is a member of the Special Districts Risk Management Authority (SDRMA), a Joint Powers Insurance Authority (JPIA), which provides its membership the ability to pool their risk and to spread that risk out over its members. By doing so, each member reduces their liability and in turn reduces the costs of Workers’ Compensation Insurance Premiums.

The District’s current no-deductible insurance policy provides for the highest level of coverage with no risk beyond the initial premium cost. The premium is based on annual payrolls for each of the WC classification codes, the code rates, and the District’s experience modifier (ExMod). Additionally, the District can receive up to a 15% rate reduction through the SDRMA Credit Incentive Program. The calculation for the no-deductible policy is provided below:

FY 09-10 Estimated Workers' Compensation Premium				
Code	Classification	Rate	Payroll	Estimate Premium⁽¹⁾
7520	Water Works	5.98	\$7,264,000	\$434,387.20
8742	Outside Sales	0.79	\$5,672,700	\$44,814.33
8810	Clerical Office Employees	0.67	\$7,011,900	\$46,979.73
9401	Municipal (Non-Manual)	2.58	\$766,900	\$19,786.72
	Board of Directors		\$17.51 x 5	\$87.55
Base Total				\$546,054.83
ExMod				1.11
				\$606,120.86
15% Credit Incentive Program				\$90,918.13
Premium Total				\$515,202.73

Note: (1) Normalized per 100 employees

A competitive analysis was conducted to compare the rates of SDRMA and the traditional insurance market to ensure that the District was receiving the best possible premiums for its workers' compensation insurance. In February 2009, SDRMA's Board of Directors voted to provide a 15% rate reduction in both the Property & Liability and Workers' Compensation programs to help its membership through the financial hardships of the past year. This has resulted in a pure premium reduction of \$41,182 over the previous year and is included in the above premium total amount.

In the traditional market, the Workers' Compensation Insurance Rating Board (WCIRB) announced in April 2009 that it intended to increase classification code rates by 23.7% effective July 1, 2009. In a discussion with an outside broker marketing for a more competitive policy, staff was informed that the District is better placed with SDRMA, given the 38.7 percentage point difference between the traditional market policy costs and the SDRMA rate reductions, and that they could not improve upon our premiums.

The premium of \$515,203 for the SDRMA no-deductible policy is significantly less than the FY 09/10 budget of \$753,520 for workers' compensation insurance. The balance of the budgeted funds for FY 08/09 and 09/10 will be placed in reserve in anticipation of a move to a high-deductible program in the near future. Currently, \$205,188 in premium savings from the FY07/08 budget has been placed into the reserve fund.

This item was reviewed with the Administrative and Finance Committee at their meeting on June 23, 2009.

A motion was made by Director Reynolds, seconded by Director Koller to accept the Special District Risk Management Authority's proposal to renew the District's no-deductible Workers' Compensation Insurance policy for FY 09/10.

The motion was passed by the following vote:

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

5.6* RENEWAL OF PROPERTY AND LIABILITY INSURANCE COVERAGE FOR FISCAL YEAR 09/10

The renewal date for the District's property and liability insurance coverage is July 1, 2009.

The District participates in the Special District Risk Management Authority (SDRMA) Property and Liability Insurance Program. The SDRMA program provides property and general liability, commercial automobile, employment practices and employee benefits liability, and public officials' errors and omissions and personal injury coverage of up to \$10 million per occurrence. The District has an additional \$10 million in excess liability coverage, for a total coverage limit of \$20 million per occurrence, to provide the District with further protection in the event of a major catastrophic event. SDRMA has submitted their insurance premium renewal quote for FY 09/10 in the amount of \$ 640,818, a decrease of 6.8% over the base premium paid last year. The base premium includes a rate discount due to the financial stability of the SDRMA program and the member's overall excellent loss prevention efforts during the previous year. This discount was, however, partially offset by a premium increase resulting from increases in the total value of District facilities during the year. The renewal premium will be further reduced by a refund of \$29,783 (current estimate) that will be earned by the District in FY 08/09 under the Credit Incentive Program. The Credit Incentive Program provides the District with the opportunity to save up to an additional 15 percent in basic liability premiums based on policies and safety related programs implemented by the District during the previous fiscal year.

In addition to the Credit Incentive Program, the District will also continue to realize additional savings by increasing its deductible level from \$25,000 to \$50,000. Based on the average of premiums and cost of claims paid over the past six years, this deductible level will provide the District with the optimal balance between potential premium savings and the higher costs that could be paid by the District under the other higher deductible limits. The \$50,000 deductible level will result in a discount of \$94,076 and further reduce the FY 09/10 base premium to \$516,960. Staff will continue to perform an analysis at fiscal year end to determine the net premium savings to the District. Based on this year end review, the District will have the option to retain or increase the deductible level or return to its previous deductible levels. Since inception of the higher deductible limits beginning with the 07/08 policy year, premium savings net of claims paid through April 30, 2009 total approximately \$98,400.

This item was reviewed with the Administrative & Finance Committee on June 23, 2009. The committee concurred with the recommendations. There are sufficient funds in the FY 09/10 adopted budget for the cost of the insurance coverage.

A motion was made by Director Reynolds, seconded by Director Koller to accept the Special District's Risk Management Authority's proposal for renewal of FY 09/10 property and liability insurance coverage.

The motion was passed by the following vote:

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

5.7* RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT WITH THE SANTA CLARA VALLEY TRANSPORTATION AUTHORITY FOR UTILITY RELOCATIONS

The Santa Clara Valley Transportation Authority (VTA) is planning to extend Bay Area Rapid Transit (BART) service from the Warm Springs area of Fremont through Milpitas. Construction of this phase of the extension includes a grade separation at Kato Road, which is scheduled to begin in the spring of 2010.

To accommodate VTA's project, approximately 100 feet of 18-inch water line in an easement through the Castilleja Development on Kato Road will need to be relocated. Homes in this portion of the development have not yet been constructed. VTA will construct a new storm drain this summer, adjacent to the Castilleja Development to avoid impacting the developer's construction. The new storm drain will impact the 18-inch water main, requiring it to be relocated at that time. VTA will pay for all costs associated with this pipeline work. Staff's estimate for design review and construction support-related costs for this portion of the project is \$15,000. Design and construction of the pipeline will be incorporated into VTA's design and construction contracts.

Accordingly, the District has prepared an agreement for reimbursement of actual costs associated with design review and construction support components of this required pipeline work. District staff and legal counsel have reviewed the agreement and determined that the terms are acceptable.

A motion was made by Director Reynolds, seconded by Director Koller to adopt a resolution approving the agreement and authorizing the General Manager to execute an Agreement for a Utility Relocations near Kato Road in Fremont, between the Santa Clara Valley Transportation Authority and the District for relocation of pipeline facilities, Job 6417.

RESOLUTION NO. 09-037

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN
AGREEMENT WITH THE SANTA CLARA VALLEY TRANSPORTATION
AUTHORITY FOR UTILITY RELOCATIONS

The motion was passed by the following vote:

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

5.8* AUTHORIZATION OF PURCHASE ORDER FOR A MOBILE COMMUNICATIONS AND TRACKING SYSTEM

During the Board's review of the FY 09/10 and 10/11 budgets, staff described the business advantages of implementing a mobile communications and tracking system (MCTS) for ACWD. These advantages include: 1) improved safety for field personnel, 2) improved fuel efficiency

associated with better routing of District vehicles, 3) improved maintenance of District vehicles associated with real-time, on-board engine diagnostics, 4) improved ability to verify vehicle locations, speeds, and routes, and 5) improved compliance with California Air Resources Board regulations for engine idling times. The Board of Directors included funding in the current budget for an MCTS to be installed in the District's fleet.

Starting in January 2009, District staff began evaluating the purchase of a MCTS for the District's fleet. Requests for proposals (RFP) were subsequently sent to four companies that provide MCTS systems. The proposals received represented various approaches and ranged widely in the associated costs. Based on responsiveness to the RFP and on initial and ongoing costs, the team identified Networkfleet of San Diego as the proposal that would best meet the District's needs.

The total cost for the purchase of the hardware and installation of the MCTS in the District's fleet is \$63,210. The work will be done in two phases, with 115 installations in vehicles and equipment (portable generators) to be completed over the course of the fiscal year. This price also includes the purchase of four spare units.

Networkfleet provides for internet access to the fleet information (as did all of the other proposals) and includes both regular reporting and real-time alerts. The monthly cost for Networkfleet to acquire, maintain and provide this information to ACWD will be \$2,976.88/month or \$27.06/vehicle at the completion of the full implementation by the end of the fiscal year. A reserve appropriation will be required in an amount of \$45,000 to cover the purchase of the hardware and installation. There is sufficient funding in the current budget for the ongoing monthly costs. References were checked and were satisfactory. A summary of the proposals is attached.

A side letter of agreement was successfully negotiated with Operating Engineers Local 3 regarding any potential role of an MCTS in employee investigations and disciplinary proceedings. Additionally, as a separate effort, and in response to Board input during budget review, staff is currently investigating the availability of GPS units for installation in appropriate District vehicles to assist District employees performing field work.

A motion was made by Director Reynolds, seconded by Director Koller to 1) authorize a reserve appropriation in an amount of \$45,000 for the purchase of a mobile communications and tracking system, 2) authorize a purchase order to Networkfleet in an amount not to exceed \$63,210 to cover the cost of full implementation, and 3) authorize the General Manager to enter into an agreement with Networkfleet to provide internet hosting of the MCTS.

The motion was passed by the following vote:

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

6 – REPORTS

6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of June 3, 2009: (1) 2009 Water Operations Update
- Legal & Legislative Meeting of June 10, 2009: (1) Update on State and Local Legislation
- Water Resources Planning Meeting of June 17, 2009: (1) Alameda Creek Fisheries Update; (2) Water Supply Assessments Update
- Engineering & Capital Projects Meeting of June 18, 2009: (1) Vineyard Heights Tank Site Tour
- Administrative & Finance Meeting of June 23, 2009: (1) Bond Refunding; (2) Property and Liability Insurance Renewal; (3) Worker's Compensation Insurance Renewal

6.2 OPERATIONAL REPORTS

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

7 – CLOSED SESSION

President Gunther adjourned the meeting at 6:40 P.M. to a Closed Session on the following items:

- 7.1 Conference with Legal Counsel - Existing Litigation (Pursuant to Government Code Section 54956.9(a)): Two Cases
- Alameda County Water District v. Montgomery Watson Americas (Alameda County Superior Court No. RG 08-515973)
 - State of California et. al., ex rel. Armenta v. James Jones Co., et. al. (Case No. BC 173487)
- 7.2 PUBLIC EMPLOYEE APPOINTMENT (Pursuant to Government Code Section 54957)
- Title: General Manager

President Gunther reconvened the meeting from Closed Session at 8:43 P.M. Mr. Piraino advised that the Board convened in closed session to confer with legal counsel regarding existing litigation under Item 7.1. The board received a status report with respect to the case of Alameda County Water District v. Montgomery Watson Americas. With respect to the case of State of

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California et. al., ex rel. Armenta v. James Jones Co., et. al., the board gave direction to staff regarding a proposed settlement, which must be approved by other parties.

With respect to Item 7.2, Mr. Piraino stated that the Board provided direction to staff concerning the selection process for the position of General Manager.

There being no further business to come before the Board, President Gunther adjourned the meeting at 8:45 P.M.

Andrew Warren, Assistant District Secretary

Attest:

James G. Gunther, President