

November 12, 2009
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on November 12, 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 Walt Wadlow, Engineering Manager Bob Shaver, Finance and Administration Manager Will Ligh, Operations Manager Steve Peterson, Water Resources Manager Eric Cartwright, Human Resources Manager Altarine Vernon, Financial Services Manager Michael Yee, Attorney Patrick Miyaki and District Secretary Gina Markou.

President James Gunther presided.

Mr. Steve Peterson led in the Salute to the Flag.

- Mr. Wadlow took a moment to acknowledge newly appointed Operations Manager, Steve Peterson. The Board congratulated Steve on his promotion.

3 – PUBLIC COMMENTS

- Ms. Wynn Grcich, of 30166 Industrial Parkway SW, #296, Hayward, addressed the Board and reiterated her concerns regarding the potential effects of fluoride on human health. During her comment time, Ms. Grcich played an excerpt that aired on NPR Radio 88.5 on October 19, 2009, about water pollution from power plants. Ms. Grcich provided the Board with a copy of a recent newspaper article concerning wastewater being used for golf courses, parks and landscaping along with an internet article concerning breast cancer.
- Director Huang corrected Ms. Grcich's interpretation of a recent conversation between the two of them.
- Mr. Jon Walawitch, of 2140 Florida Street, Hayward, addressed the Board with concerns regarding use of chloramines as a disinfectant in water systems.
- President Gunther informed Ms. Grcich and Mr. Walawitch that Alameda County Water District does not supply water to the City of Hayward and advised them that they are welcome to come and speak before the Board regardless of their city of residence.

4 – CONSENT CALENDAR

A motion was made by Director Huang to add items 5.1 through 5.10 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 Weed, seconded by Director Huang to approve the following items on the Consent Calendar as amended.

- 4.1 Approval of Minutes – Regular Meeting of October 8, 2009
- 4.2 Ratification of Payment of Audited Demands dated October 9, October 16, October 23, October 30, and November 6, 2009
- 4.3 Resolution Approving and Authorizing Execution of Contract with Fremont Niles, LLC, Extension of Water Main, Tract 7859 (ACWD # 2005-0045)

RESOLUTION NO. 09-053

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT
BETWEEN ALAMEDA COUNTY WATER DISTRICT AND FREMONT
NILES, LLC, FOR EXTENSION OF WATER MAIN, TRACT 7859, REF.
ACWD 2005-0045

- 4.4 Resolution Approving and Authorizing Execution of Contract with Robson Homes, LLC, Extension of Water Main, Tract 7863 (ACWD #2000-0018)

RESOLUTION NO. 09-054

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT
BETWEEN ALAMEDA COUNTY WATER DISTRICT AND ROBSON
HOMES, LLC, FOR EXTENSION OF WATER MAIN, TRACT 7863, REF.
ACWD 2000-0018

- 5.1 Resolution Honoring Paul A. Piraino upon his Retirement from District Service
- 5.2 Resolution Honoring Sig Sanchez upon his Retirement from the Santa Clara Valley Water District Board
- 5.3 Authorization of Purchase Order for District Vehicles
- 5.4 Authorization for ACWD to Join the Bay-Friendly Landscaping and Gardening Coalition and Become a Signatory to their Declaration of Support which Includes Adopting the Seven Principles of Bay-Friendly Landscaping and Gardening
- 5.5 Authorization for Engineering Survey and Report on Groundwater Conditions in Conjunction with Replenishment Assessment
- 5.6 Resolution Awarding Contract for the 2010 Potable Water Facilities Cleaning and Inspection Project
- 5.7 Authorization of Change Order No. 2 and Resolution Accepting Completion for the Inland Saltwater Intrusion Monitoring Wells Project

- 5.8 Authorization of Change Order No. 4 and Resolution Accepting Completion for the Newark Desalination Facility Supply Pipelines Project
- 5.9 Resolution Awarding Contract for the Alameda Reservoir Water Quality Enhancement Equipment Installation Project
- 5.10 Resolutions Concurring with the Petition for Annexation of Territory and for Exchange of Property Tax Revenues (Annexation No. 107, Bay Area Rapid Transit District)

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 PAUL A. PIRAINO UPON HIS RETIREMENT FROM DISTRICT SERVICE

Paul A. Piraino will be retiring from the District on December 30, 2009 after 27 years of District service.

Paul began his professional career as a Placement Officer for the State of California Employment Development Department and is retiring with over 38 total years of public service at the state, county, city and special district levels of government. Paul started with the District on November 1, 1982, as the Personnel and Industrial Relations Manager and was promoted to Assistant General Manager on February 22, 1993. On December 31, 1997, Paul was promoted to General Manager.

During Paul's tenure, the District made great strides in meeting the water quality and supply reliability goals set out in the 1995 Integrated Resources Plan. Under his leadership the District secured several million dollars in grant funding to support brackish groundwater desalination and design and construction of fish passage and screening facilities to facilitate the restoration of steelhead to Alameda Creek. Paul also represented the District's interests at the regional and state levels, serving for six years as the chair of the Alameda County Special District Association and three years as the chair of the California Urban Water Agencies. Paul retires as a highly respected water leader throughout the California water community.

During his many years of service to the District, Paul's leadership, technical skills, and good humor have been assets to the District and he has advanced the mission of the District in an exemplary manner. His many friends at the District, in the local community, and in the statewide water industry will greatly miss him.

A motion was made by Director Weed, seconded by Director Huang to adopt a resolution honoring Paul A. Piraino and expressing appreciation for his 27 years of service to the District.

RESOLUTION NO.09-055

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
HONORING PAUL A. PIRAINO 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

5.2* RESOLUTION HONORING SIG SANCHEZ UPON HIS RETIREMENT FROM THE
SANTA CLARA VALLEY WATER DISTRICT BOARD

Sig Sanchez will be retiring from the Santa Clara Valley Water District Board after 29 years of service as an At Large Director and five-time Chairman. Prior to this, Sig served as an elected member of the Santa Clara County Board of Supervisors for 18 years, a Gilroy City Councilmember for 14 years, and Mayor of the City of Gilroy for 5 years.

Sig has also been an active member of numerous national, state, and local water resource affiliations, which included: the Agricultural Water Advisory Committee, Central Valley Project Authority, Pajaro River Watershed Committee, San Luis & Delta Mendota Water Authority Board and Finance Committee, Uvas/Llagas Flood Control and Watershed Advisory Committee, Santa Clara Valley Water Commission, Santa Clara Valley Water District Ad Hoc Audit Committee, South County Regional Wastewater Authority, HOPE Rehabilitation, Wheeler Hospital Foundation Board, South Valley Hospital, Health Dimensions, Inc., Odd-Fellows and Rebekahs Children's Home, and the Gilroy Elks Club.

In 1991, Sig was inducted into the Gilroy Hall of Fame and was honored and recognized with a 10-mile portion of state Highway Route 101 named for him. Sig's occupation as a rancher and businessman along with his years as a public servant has won him the hearts and goodwill of all who know him.

A motion was made by Director Weed, seconded by Director Huang to adopt a resolution honoring Sig and expressing appreciation for his 29 years of service to the Santa Clara Valley Water District Board.

RESOLUTION NO. 09-056

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
HONORING SIG SANCHEZ UPON HIS RETIREMENT FROM THE SANTA
CLARA VALLEY WATER DISTRICT BOARD

The motion was passed by the following vote:

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

5.3* AUTHORIZATION OF PURCHASE ORDER FOR DISTRICT VEHICLES

The Board of Directors approved funding in the current budget for the purchase of utility trucks to replace existing trucks that have reached the end of their useful life.

Requests for cab and chassis quotations were sent to twelve Ford dealers. Two dealers responded on Item 1, five F-650 cab and chassis, and four dealers responded on Items 2 and 3, three F-550 cab and chassis. Quotations for Items 2 and 3, three F-550 cab and chassis, were requested to compare two-wheel drive trucks to four-wheel drive trucks. The successful bidder on Item 1 was Hansel Ford Lincoln Mercury of Santa Rosa in an amount of \$281,844.38 for five F-650 cab and chassis. Because of the small price difference for the more versatile four-wheel drive trucks, staff selected Item 3. The successful bidder on Item 3, F-550 4X4 cab and chassis, was Downtown Ford of Sacramento. There are three trucks scheduled for replacement with Item 3 in an amount of \$113,173.65.

The requests for quotations for the utility bodies (to be installed on these trucks) were sent directly to eight utility body providers. Five body companies responded. The successful bidder for Item 1 was West Capitol Investments of West Sacramento in an amount of \$248,819.71. Quotations for Items 2 and 3 were requested to compare the price of 4000-pound capacity cranes to 6000-pound capacity cranes. Although the larger crane is more expensive, it was selected by staff to make the crews more self-reliant and lessen the need for additional staff with boom cranes or rental cranes to help perform job tasks such as pulling well motors and pumps. Western Truck Fabrication of Hayward was the successful bidder for Item 3 in the amount of \$144,800.88.

All of these dealers have previously successfully supplied the District with vehicles and equipment.

There is sufficient funding in the budget for this purchase.

A motion was made by Director Weed, seconded by Director Huang to 1) authorize a purchase order to Hansel Ford in an amount of \$281,844.38 for the purchase of five F-650 cab and chassis, 2) authorize a purchase order to Downtown Ford in an amount of \$113,173.65 for the purchase of three F-550 cab and chassis, 3) authorize a purchase order to West Capitol Investments for the purchase and installation of five utility bodies in the amount of \$248,819.71, and 4) authorize a purchase order to Western Truck Fabrication for the purchase and installation of three utility bodies in an amount of \$144,800.88.

The motion was passed by the following vote:

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

5.4* AUTHORIZATION FOR ACWD TO JOIN THE BAY-FRIENDLY LANDSCAPING AND GARDENING COALITION AND BECOME A SIGNATORY TO THEIR DECLARATION OF SUPPORT

StopWaste.org and the Bay-Friendly Landscaping and Gardening program recently invited ACWD to join its Bay-Friendly Landscaping and Gardening Coalition which includes signing a Bay-Friendly Landscaping Declaration of Support and adopting the Seven Principles of Bay-Friendly Landscaping & Gardening. The Seven Principles represent a model approach to sustainable landscaping that includes water use efficiency measures. By signing the Declaration of Support, ACWD would be committing to identifying opportunities to incorporate Bay-Friendly practices and programs into its regular activities, as appropriate, and would be agreeing to work cooperatively with the Bay-Friendly Landscaping and Gardening Coalition and StopWaste.org.

After careful review of the Declaration of Support and Seven Principles, Staff recommends that ACWD sign the Declaration and adopt these Principles for the following reasons: 1) Bay-Friendly landscaping practices are already standard practices for design and maintenance of landscaped areas at District properties; 2) ACWD is already working cooperatively with Bay-Friendly on outdoor water conservation activities; 3) as a member of the Bay-Friendly Landscaping and Gardening Coalition, ACWD could leverage its resources with other members (public agencies, non-profits, and trade organizations) in pursuit of ACWD's outdoor water conservation initiatives; and 4) membership may also serve to increase the effectiveness of our outreach in this area. Coalition members include Contra Costa Water District, Marin Municipal Water District, Sonoma County Water Agency and San Francisco Public Utilities Commission. The cost of membership for a public agency is \$250 annually. In addition, the cities of Fremont, Newark and Union City have all adopted Bay-Friendly practices for city building projects, traditional public works projects, and public-private partnerships. This item was reviewed with the Water Resources Planning Committee on October 21, 2009.

A motion was made by Director Weed, seconded by Director Huang to 1) approve ACWD's membership in the Bay-Friendly Landscaping and Gardening Coalition; 2) authorize the General Manager to sign a Declaration of Support to adopt its Seven Principles of Bay-Friendly Landscaping and Gardening; and 3) approve ACWD's annual membership fee of \$250.

The motion was passed by the following vote:

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

5.5* AUTHORIZATION FOR ENGINEERING SURVEY AND REPORT ON GROUNDWATER CONDITIONS IN CONJUNCTION WITH REPLENISHMENT ASSESSMENT

The Replenishment Assessment Act requires the Board to order an Engineering Survey and Report on Groundwater Conditions as the first step in the process to establish a replenishment assessment for next fiscal year. This report must be presented to the Board for consideration in

February to meet subsequent deadlines set forth by Proposition 218 and the Replenishment Assessment Act.

District staff has historically begun collecting information and preparing data for the report during the month of November so it can be completed in time for submittal to the Board in February.

A motion was made by Director Weed, seconded by Director Huang to order an Engineering Survey and Report on Groundwater Conditions.

The motion was passed by the following vote:

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

5.6* RESOLUTION AWARDING CONTRACT FOR THE 2010 POTABLE WATER FACILITIES CLEANING AND INSPECTION PROJECT

The District has an ongoing project to conduct regular cleaning and inspection of all treated water tanks and reservoirs. The goal is to clean and inspect all tanks and reservoirs once every five years as recommended by the California Department of Public Health. The preferred method of cleaning is to use underwater divers who specialize in cleaning potable water storage facilities. Cleaning tanks and reservoirs this way saves millions of gallons of water that otherwise would be lost if storage facilities were drained for cleaning. In addition, this method provides the District the flexibility of putting tanks and reservoirs back into service within a few days in the event of an emergency.

Requests for proposals to clean and inspect Patterson and Middlefield Reservoirs were issued September 25, 2009. On October 22, 2009, three bids were received. The District's estimate for the work was \$162,700. The lowest bid was submitted by DRS Marine, Inc. of Vallejo, California at a cost of \$123,000. The bid was checked for compliance with bidding requirements and was determined to be responsive. DRS Marine, Inc. has been in the tank and reservoir cleaning and inspection business for 24 years. References were contacted and found to be excellent.

There is adequate funding in the budget for this expenditure.

A motion was made by Director Weed, seconded by Director Huang to adopt a resolution accepting the proposal and awarding the contract for 2010 Potable Water Facilities Cleaning and Inspection, to DRS Marine, Inc. in the amount of \$123,000 which is the total of the lump sum payment items, Job 6439.

RESOLUTION NO. 09-057

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO DRS
MARINE, INC. FOR JOB 6439

The motion was passed by the following vote:

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

5.7* AUTHORIZATION OF CHANGE ORDER NO. 2 AND RESOLUTION ACCEPTING COMPLETION FOR THE INLAND SALTWATER INTRUSION MONITORING WELLS PROJECT

On December 11, 2008, the construction contract for the Inland Saltwater Intrusion Monitoring Wells Project was awarded to Precision Sampling, Inc. in the amount of \$177,200. The project included the installation of seven groundwater monitoring wells at six locations. Construction costs related to the Inland Saltwater Intrusion Monitoring Wells Project are being funded by a \$250,000 Local Groundwater Management Assistance Program grant from the California Department of Water Resources (DWR). One change order, in the amount of \$84,107, was previously authorized by the Board to install four additional wells to maximize the benefit of DWR's grant. The project was substantially completed on May 28, 2009.

During utility clearance activities at the Fremont Library site, a storm drain line and electrical wires were encountered next to the proposed well location. The City of Fremont requested ACWD to protect the utilities and associated backfill prior to the start of drilling operations. ACWD and the City of Fremont agreed that the installation of a steel conductor casing separating the borehole and the utilities was sufficient. Change Order No. 2 has been prepared in the amount of \$500 to install a steel conductor casing to protect the utilities and prevent drilling mud and cement grout from intruding into the utility trench backfill. Staff has evaluated the cost for this additional work and has determined that it is fair and reasonable. There is adequate funding in the budget to cover this expenditure. The total project cost, including all change orders and quantity adjustments for unit price items, is \$261,807.

A motion was made by Director Weed, seconded by Director Huang to 1) approve Change Order No. 2 in the amount of \$500; and 2) adopt a resolution accepting completion for the Inland Saltwater Intrusion Monitoring Wells Project, Jobs 6367 and 31055.

RESOLUTION NO. 09-058

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING COMPLETION OF CONTRACT NO. 3619, PRECISION
SAMPLING, INC. JOBS 6367 AND 31055

The motion was passed by the following vote:

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

5.8* AUTHORIZATION OF CHANGE ORDER NO. 4 AND RESOLUTION ACCEPTING COMPLETION FOR THE NEWARK DESALINATION FACILITY SUPPLY PIPELINES PROJECT

On October 9, 2008, the Board awarded the construction contract for the Newark Desalination Facility Supply Pipelines project to R.J. Gordon Construction, Inc. in the amount of \$3,756,925.75. The scope of work includes installation of approximately 5,900 linear feet of 22-inch and 3,200 linear feet of 16-inch diameter high density polyethylene pipe (HDPE) within the cities of Fremont and Newark. Three change orders totaling \$733,459.49 were previously authorized by the Board. The project was substantially completed on September 17, 2009.

Change Order No. 4 has been prepared in the amount of \$55,726.50 for the following work requested by the District: 1) extend the fiber optic conduit from Cedar Avenue into the Cedar ARP Well site (\$13,580.00); 2) install engineering fabric and drain rock to stabilize the pipe trench where high groundwater was encountered (\$3,492.50); and 3) repair additional pavement on Farwell Drive which was subjected to construction activities (\$38,654.00). Staff has reviewed the costs associated with the extra and deleted work items and determined them to be fair and reasonable. The total project cost, including all change orders and quantity adjustments for unit price items, is \$4,507,506.49. There are adequate funds in the budget to cover this expenditure.

A motion was made by Director Weed, seconded by Director Huang to 1) approve Change Order No. 4 in the amount of \$55,726.50; and 2) adopt a resolution accepting completion of the contract for the Newark Desalination Facility Supply Pipelines Project, Job 6349.

RESOLUTION NO. 09-059

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING COMPLETION OF CONTRACT NO. 3608, R.J. GORDON
CONSTRUCTION, INC. JOB 6349

The motion was passed by the following vote:

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

5.9* RESOLUTION AWARDED CONTRACT FOR THE ALAMEDA RESERVOIR WATER QUALITY ENHANCEMENT EQUIPMENT INSTALLATION PROJECT

The scope of the project includes the installation of water treatment equipment previously purchased by the District.

The project was advertised for bid on September 23, 2009, and five (5) bids were received and opened on October 20, 2009. The totals for comparison ranged from \$223,600 to \$269,340. The Engineers Estimate was \$186,750. All bids were checked arithmetically and for compliance with the bidding requirements.

The second and fourth Bidders failed to name a specific project manager; the fourth Bidder also had only one of the two required signatures by corporate officers. One bid was deemed non-responsive because a bid bond was not included.

Monterey Mechanical Company (Monterey Mechanical) of Oakland, California submitted the lowest bid. Monterey Mechanical's proposal contained one minor irregularity; incomplete experience information was submitted for itself and its electrical subcontractor, Smith & Sons Electric. Appropriate experience documentation was promptly submitted and received by the District. The contract documents for the project state that the District reserves the right to waive the requirement for strict conformity with the specified requirements in the received proposals and the District has previously allowed this type of minor irregularity to be corrected by the bidder after the bid opening.

Monterey Mechanical Company has been in the contracting business under its present name for 53 years. References were checked and it was confirmed that the contractor has the necessary qualifications and experience to perform the work. Monterey Mechanical has also satisfactorily completed several projects for the District in the past. There is sufficient funding in the budget for this project.

A motion was made by Director Weed, seconded by Director Huang to 1) waive the requirement for strict conformity with the specifications for the minor irregularity identified above; and 2) adopt a resolution to award the contract for the Alameda Reservoir Water Quality Enhancement Equipment Installation Project, to Monterey Mechanical Company in the amount of \$223,600 which is the total of the unit price and lump sum payment items, Job 6361.

RESOLUTION NO. 09-060

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO
MONTEREY MECHANICAL COMPANY FOR JOB 6361

The motion was passed by the following vote:

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

5.10* RESOLUTIONS CONCURRING WITH THE PETITION FOR ANNEXATION OF
TERRITORY AND FOR EXCHANGE OF PROPERTY TAX REVENUES
(ANNEXATION NO. 107, BAY AREA RAPID TRANSIT DISTRICT)

The San Francisco Bay Area Rapid Transit District (BART) has requested water service to the planned Warm Springs Station, which is to be located on Warm Springs Boulevard, south of the intersection with South Grimmer Boulevard. Because the site is located within an un-annexed "island," annexation of the land into the District is required as a condition of water service. BART is acting as the applicant for the annexation and has requested the District's concurrence with their application for annexation. The total area to be annexed is approximately 35 acres.

A District resolution concurring with the proposed annexation is required in order to initiate the annexation process with the Alameda County Local Agency Formation Commission. BART's annexation application has been reviewed by District staff.

Additionally, a resolution agreeing to the exchange of certain property tax revenue is also required. The Revenue and Taxation Code requires agencies affected by the annexation of territory to a special district to negotiate an exchange agreement for the annual Ad Valorem tax increment that results from the increased assessed valuation in areas annexed after July 1980. Because school district shares of the Ad Valorem tax are required to be maintained at pre-annexation levels, Alameda County, the City of Fremont, and the District have each previously agreed to receive a reduced share. This agreement provides that the District receive an allocated share of the annual tax increment equal to 90% of its share in a similar tax code area, and has been applied by separate Board resolution to all District annexations since 1981. Although all areas to be annexed are currently property tax exempt, the County has requested that the agreement be put in place at the time of annexation so that if the tax exempt status were to ever change, no new agreement would be needed. Therefore, a new resolution is required to extend the provisions of the tax sharing agreement to the annexation of the BART Warm Springs Station. In order to complete the annexation, similar resolutions are required from both Alameda County and the City of Fremont. The County Administrator's Office and the City of Fremont will be making recommendations to their respective Board and Council members to adopt similar resolutions for this annexation.

A motion was made by Director Weed, seconded by Director Huang to 1) adopt a resolution concurring with BART's proposal to annex the site of the future Warm Springs BART Station into the District; and 2) adopt a resolution agreeing to the exchange of property tax revenue attributable to the incremental increase in assessed value in the territory being annexed.

RESOLUTION NO. 09-061

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
CONCURRING WITH THE PETITION FOR THE ANNEXATION OF
TERRITORY (ANNEXATION NO. 107, BAY AREA RAPID TRANSIT
DISTRICT)

RESOLUTION NO. 09-062

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
FOR EXCHANGE OF INCREMENTAL PROPERTY TAX REVENUES
AS A RESULT OF TERRITORY BEING ANNEXED TO THE DISTRICT
(ANNEXATION NO. 107, BAY AREA RAPID TRANSIT DISTRICT)

The motion was passed by the following vote:

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

5.11 RESOLUTION WAIVING PROCUREMENT POLICY NO. 1 FOR WATER MAIN RELOCATION WORK TO ACCOMMODATE SAN FRANCISCO PUBLIC UTILITIES COMMISSION BAY DIVISION PIPELINE NO. 5 PROJECT

Mr. Shaver reported that the San Francisco Public Utilities Commission's (SFPUC's) Bay Division Pipeline (BDPL) No. 5 Project consists of the construction of a 72-inch welded steel pipeline adjacent to the existing BDPL No. 1 and 2 pipelines through Fremont and Newark. BDPL No. 5 will cross 55 existing District water mains, most of which are within SFPUC right of way under revocable permits. The SFPUC awarded construction on October 27, 2009, and construction is scheduled to begin in March 2010.

To accommodate SFPUC's project, the District needs to proactively relocate 19 asbestos cement pipeline (ACP) segments with steel pipe. Initially, District Engineering and Operations staff planned to perform all of the work. However, the final SFPUC project drawings revealed that five District pipe installations need to be installed at a depth of over 12 feet and that several of the installations that were originally assumed to be a simple replacement of a straight ACP segment with steel pipe must now also be offset vertically to provide sufficient clearance between the BDPL No. 5 and the District's water mains.

To date, staff has completed five pipe installations. However, due to the added complexity and level of effort required to complete the relocations, outside contractors will now be required to supplement the District's forces to meet SFPUC's construction schedule. On October 13, 2009, representatives of Operating Engineers Local 3 concurred with this assessment.

District Procurement Policy No.1 - Procurement of Materials, Supplies, Equipment, Routine Services, Professional Services, and Construction Projects was adopted by the Board in July 2007. This policy requires the award of construction projects to contractors submitting the lowest responsible bid. However, the policy allows the Board to waive this requirement if the Board determines it is in the District's best interest.

Staff anticipates that five of the remaining fourteen pipeline relocations must be awarded to outside construction contractors in order to meet the SFPUC project schedule. Staff also has determined that there is not sufficient time to adhere to the District's typical procedure of advertising bid documents and subsequently awarding construction. Accordingly, staff is recommending that the Board waive the requirements set forth in the procurement policy and authorize staff to proceed with an abbreviated process that would involve soliciting written bids for this work from only a list of approximately five construction contractors that have satisfactorily performed similar work for the District in the recent past. Staff has divided the five pipeline relocation projects into three separate projects, and it may be necessary to award these three separate projects to different contractors to meet the SFPUC project schedule.

If approved, staff will request that the Board take action to award the construction contract(s) at a subsequent Board meeting. The construction contract will be consistent with the District's standard form.

Discussion ensued and staff responded to questions from the Board.

A motion was made by Director Reynolds and seconded by Director Koller to adopt a resolution waiving Procurement Policy No. 1 for Water Main Relocation Work to Accommodate San Francisco Public Utilities Commission Bay Division Pipeline No. 5 Project, CIP No. 10D55, Jobs 6397, 6398, 6399, 6400, 6401, 6509.

RESOLUTION NO. 09-063

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT WAIVING PROCUREMENT POLICY NO. 1 FOR WATER MAIN RELOCATION WORK TO ACCOMMODATE SAN FRANCISCO PUBLIC UTILITIES COMMISSION BAY DIVISION PIPELINE NO. 5 PROJECT

The motion was passed by the following vote:

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

5.12 RESOLUTION AUTHORIZING THE ENTERING INTO AN AGREEMENT WITH THE LIVERMORE AMADOR VALLEY WATER MANAGEMENT AUTHORITY

Mr. Cartwright reported that the Livermore Amador Valley Water Management Authority (LAVWMA) is a joint powers authority formed by the City of Livermore, City of Pleasanton, and the Dublin San Ramon Services District, which exports treated wastewater from the Livermore-Amador Valley for eventual discharge to San Francisco Bay. In 1998 ACWD entered into a Memorandum of Understanding (1998 MOU) with LAVWMA regarding the LAVWMA Export Pipeline Facilities Project. The 1998 MOU requires LAVWMA to operate and maintain facilities such that the risk of a wet weather overflow of disinfected, secondary treated effluent into Alamo Canal (which ultimately drains to Alameda Creek) is minimized. A key provision of the 1998 MOU limits wet weather discharges to Alamo Canal to a 20-year or greater overflow occurrence. These uncontrolled overflow releases would occur only during extreme wet weather when large amounts of storm water are present in the canal and available to dilute the effects of the treated wastewater discharges. In addition, the 1998 MOU also required LAVWMA to provide ACWD with a mitigation payment of \$8.25 million (to be adjusted for inflation) for the construction of a facility to treat groundwater wells that are recharged from the percolation of Alameda Creek water. This payment is to be made once ACWD is ready to go to bid for such a project.

Since the 1998 MOU was executed, LAVWMA has completed the Export Pipeline Facilities Project and secured an NPDES permit required for infrequent discharges to Alamo Canal. The NPDES permit includes provisions similar to the 1998 MOU, including a requirement that discharges to Alamo Canal be limited to a 20-year or greater overflow occurrence. Because the Export Pipeline Facilities Project has been completed and downstream protections from overflow discharges are included in the NPDES permit, ACWD and LAVWMA staffs are proposing an agreement to terminate the 1998 MOU. Key terms of the proposed agreement include:

- LAVWMA is to provide ACWD with a termination payment of \$9,464,455.52 within 30 days of execution of the new agreement. Under the new agreement, this payment is not tied to any specific ACWD project concept or completion deadline.

- The 1998 MOU between ACWD and LAVWMA would terminate upon receipt of the termination payment.
- Certain key provisions of the 1998 MOU are incorporated into the proposed new agreement, including: 1) a requirement for an annual meeting prior to winter storm season to exchange information/determine specific operational strategies to minimize the risk of a discharge event; and 2) a requirement that LAVWMA will maintain its automatic notification system to advise ACWD of potential discharges to Alamo Canal.
- The proposed agreement includes a new provision that would require LAVWMA to purchase replacement water for ACWD if a discharge event interrupts and/or delays recharge operations and ACWD subsequently loses water supplies. This provision would apply to both the permitted wet weather discharges as well as to dry weather accidental discharges.
- The proposed agreement would allow LAVWMA to pursue an NPDES permit modification that includes increasing the frequency of wet weather discharges into Alamo Canal from the current 20-year overflow event to no more frequent than a 10 year event. LAVWMA could also pursue a permit modification that would allow for controlled discharges during the peak of a storm event and prior to full utilization of storage, thereby providing increased stream dilution during a discharge event.
- ACWD would support LAVWMA's permit modification if: 1) the discharge would be no more frequent than a 10-year overflow event and 2) the increased frequency would not create any significant additional risk to ACWD recharge operations beyond the current permit conditions.
- If ACWD and LAVWMA disagree over whether or not a contemplated modification would create a significant additional risk, the parties would meet and confer in good faith. At any time during the meet and confer process either party may serve the other with a demand for appointment of a dispute resolution peer review panel comprised of three experts (one expert appointed by each party, both experts appointing the third expert). This expert panel would be tasked with revising the permit application so that "in the opinion of the panel the application will not create significant additional risk to ACWD recharge operations beyond present permit conditions". The expert panel's decision will be final and binding on the parties.
- If LAVWMA obtains a permit modification and is supported by ACWD, LAVWMA would provide an additional \$215,000 to ACWD for costs associated with watershed monitoring by ACWD staff.

The terms of the ACWD-LAVWMA Agreement have been reviewed extensively by legal counsel and were reviewed with the Water Resources Planning Committee on October 1, 2009 and again on October 21, 2009. In addition, on October 21, 2009, the LAVWMA Board of Directors approved a resolution for the LAVWMA Chair and General Manager who have subsequently executed the proposed ACWD-LAVWMA Agreement.

Ms. Grich inquired as to who would be monitoring wastewater and how much contaminants are allowed in it and asked who would be liable if there was a sewage spill. Mr. Wadlow advised Ms. Grich that the intent of the agreement is to establish a means by which the District can protect the groundwater supplies for use of drinking water that is recharged from the Alameda Creek. And that the Regional Water Quality Control Board of San Francisco is in charge of regulating all of the discharges.

Director Huang further pointed out that, under the terms of the agreement, LAVWMA must provide for replacement water if ACWD's groundwater recharge is interrupted due to a LAVWMA discharge.

A motion was made by Director Koller, seconded by Director Reynolds to adopt a resolution approving and authorizing execution of an agreement with the Livermore Amador Valley Water Management Authority to terminate the 1998 ACWD-LAVWMA Memorandum of Understanding.

RESOLUTION NO. 09-064

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AUTHORIZING THE ENTERING INTO AN AGREEMENT WITH THE
LIVERMORE AMADOR VALLEY WATER MANAGEMENT AUTHORITY

The motion was passed by the following vote:

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

5.13 AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH GEYER ASSOCIATES FOR LEGISLATIVE REPRESENTATION IN SACRAMENTO

Mr. Wadlow reported that in 2009, the District was successful in advancing SB 133, the ACWD Groundwater Protection Act, sponsored by Senator Corbett and co-sponsored by Assemblyman Torrico. The bill was signed by the Governor and officially chaptered on October 11, 2009. Key to the success of the effort was legislative representation in Sacramento by Jennifer West of Geyer Associates. Jennifer coordinated scheduling, strategy, and amendment negotiations with Senator Corbett and Assemblyman Torrico's offices, members and staffs of the key Senate and Assembly committees, the Governor's Office, and various interest groups that considered positions on the legislation. During the legislative session, Jennifer also provided ACWD with information on the progress of the California water policy and bond legislation package and the potential impact of the package on the progress of ACWD's proposed legislation.

Staff anticipates that the next several years will be a time of significant focus on water issues in Sacramento, building on the water policy and bond legislation recently passed by the legislature. In addition to a bond likely being placed on the ballot, either in June or November of 2010, and the potential for additional clarifying legislation, several new oversight bodies with attendant administrative processes are likely to be established. Action in each of these arenas has the potential to significantly impact ACWD's State Water Project and Hetch Hetchy water supplies,

as well as the District's local approach to conservation and reporting on groundwater management. Given this, as well as other issues potentially impacting special district interests in general, staff believes that the District should continue to retain Geyer Associates to represent its interests. To that end, a contract for these services over the next year has been prepared at a cost of \$24,000, plus incidentals. The form of the agreement is substantially similar to the previous agreement between the District and Geyer Associates. According to the terms, Geyer Associates (Jennifer West) would monitor and report on state budget and legislative developments, work with ACWD to prepare position papers on major water issues, advocate these positions to lawmakers, legislative staff and state agencies, testify on behalf of ACWD, when requested, at hearings, and coordinate with allied water-related organizations. Staff believes that this is one element of a program to more effectively engage and advocate on major water issues on behalf of the District and our customers' interests.

Geyer Associates' proposal was reviewed by the Legal and Legislative Committee on October 14, 2009 and the committee concurred with staff's conclusion. The proposed contract has been reviewed by legal counsel. There is sufficient funding in the budget for this expenditure.

Discussion ensued and staff responded to questions from the Board. Mr. Wadlow clarified that the agreement was for a term of one year, and that the benefits of representation in Sacramento would be evaluated at the conclusion of the year.

A motion was made by Director Koller, seconded by Director Huang to adopt a resolution approving and authorizing execution of an agreement with Geyer Associates for legislative representation in Sacramento for the next year at a cost of \$24,000.

The motion was passed by the following vote:

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

5.14 PRESENTATION OF ALAMEDA COUNTY WATER DISTRICT AUDIT FOR FY 08/09

Mr. Ligh reported that the Board of Directors, on March 10, 2005, authorized execution of a three-year agreement with an option for a two-year extension for financial audit services with the firm of Caporicci & Larson. On December 13, 2007, the Board authorized a two-year extension of the agreement. This year's audit is the fifth and the final under the extension of the agreement. Caporicci & Larson recently completed its audit of the District's financial records for the fiscal year ended June 30, 2009. This audit, which was conducted in accordance with generally accepted auditing standards, included a review of the accounting principles used by the District, as well as a review of various financial transactions and the District's system of internal controls. The auditors have completed their review and noted no areas of material weakness or deficiencies in internal controls or accounting procedures that needed to be reported. The following three documents have been submitted for the Board's review:

- Independent Auditor's Report

This letter states that based upon the auditors review, the District was, as of June 30, 2009, in compliance with the required financial agreements and covenants included in the 1998 and 2003 debt issues.

- Appropriations Limit Schedule and Independent Accountants' Report

This report indicates that no discrepancies were found in the process followed for calculating the annual Appropriations Limit.

- Comprehensive Annual Financial Report

This report provides information on the District's operating and financial activities for the fiscal year ended June 30, 2009. The Introductory Section provides an overview of the District and describes significant events and accomplishments for the last fiscal year. The Financial Section of the report includes an unqualified audit opinion which indicates that the financial statements fairly represent the financial position of the District and that the results of the District's operations are reported in conformity with generally accepted accounting principles. In addition, the Financial Section of the report provides an analysis of the District's financial performance during the previous two fiscal years and presents the District's audited financial statements, including a Statement of Net Assets (balance sheet), Statement of Activities and Changes in Net Assets (income statement) and a Comparative Statement of Cash Flows for the fiscal year ended June 30, 2009. Finally, the Statistical Section of the report provides key historical financial and demographic data.

The auditor reviewed the results of the above reports with the Administrative & Finance Committee on October 27, 2009. A copy of the presentation booklet which the auditor reviewed with the Administrative & Finance Committee is also included with the above audit documents for the Board's review.

A motion was made by Director Huang, seconded by Director Reynolds to accept the Audited Financial Statements and accompanying reports for the fiscal year ended June 30, 2009.

The motion was passed by the following vote:

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

5.15 REVIEW OF PROPOSED RATES AND CHARGES FOR CALENDAR YEAR 2010 AND SETTING PUBLIC HEARING

Mr. Yee reported that annually, the District's revenue requirements are determined by updating the long range Financial Planning Model (FPM). The FPM looks at projected revenues and expenditures over the next twenty-five year period, which is based on the Integrated Resources Plan and the Capital Improvement Program. Information from the FPM is primarily utilized to calculate the commodity rate and development charges necessary to operate the District. The District's various other rates and charges are also analyzed periodically and revised to recover the costs of providing the service for which the rate or charge is assessed. The District's rates and charges were last adjusted by the Board of Directors at the January 2009 Board meeting.

During the past several months, staff has completed a detailed review of projected revenues, operating expenses and capital expenditures over the next several years. That information has been incorporated into the FPM to determine necessary water rate adjustments.

The FPM is a comprehensive spreadsheet model consisting of both short and long-range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over the next ten years. These projections are derived from other planning tools and models, including the District's Integrated Resources Plan (IRP), Capital Improvement Program (CIP), and current year budget. The IRP process evaluates a wide range of water supply and water conservation options as well as land use projections in the District's service area to develop the District's long-range water supply strategy necessary to meet projected demands. The CIP includes project schedules and projected costs for production facilities identified in the IRP and other projects to support and maintain system reliability, water quality and environmental compliance. The annual budget is an important tool to help guide the District in implementing the necessary projects, programs and activities to achieve the goals identified in the IRP and CIP planning models. These planning models were last reviewed with the Board, respectively, on December 14, 2006 and June 11, 2009. In addition, the models are reviewed and updated annually by staff to ensure the integrity and effective use of these planning tools.

As noted above, the FPM is a complex short and long-range financial planning model that provides projected cash balances on hand at the end of each fiscal year based on anticipated revenues, operating and maintenance expenses, debt obligations and capital expenditures over the next several years. It is sound, responsible and prudent financial planning practice to anticipate both short and long-term cash flow needs to ensure that the District is able to meet its obligations to its suppliers and water customers in a reasonable and timely manner. The FPM is a valuable tool that helps the District annually set rates to generate sufficient water revenues to meet these short and long-term obligations in an orderly manner and to minimize significant rate fluctuations from year to year. Water revenues are the District's primary source of revenue, comprising about 70% of the District's total source of revenues.

Operating expenses include those programs and activities necessary to support and maintain the District's ongoing daily operations. These include costs associated with fuel and power; purchased water from the State Water Project and San Francisco Regional Water System; operations and maintenance of the groundwater basin, water treatment facilities, water mains, service lines, meters and distribution facilities; water quality analysis; administrative and related expenses, and debt service. These costs total approximately \$792 million in the 10-year FPM. This includes annual required contributions and reimbursements from the Other Post Employment Benefit (OPEB) Trust for retiree health benefits that were established last fiscal year.

The FPM also includes over \$167 million in major capital projects needed to comply with increasingly stringent public health and environmental standards and to maintain water system reliability. Major projects include treatment plant process improvements and retrofit work, supplemental water supply storage, water production and storage facility improvements, water main and service line replacements, design and construction of the Newark Desalination Facility – Phase 2, Niles-Newark Intertie Pipeline, Seismic Improvement Program (SIP) – Phase 1, and various fishery projects along Alameda Creek.

Additional details will be provided on the projected operating expenses and capital expenditures during the public hearing on the proposed rate increase.

COMMODITY RATE

It is proposed that the base commodity rate for customers within the District's service area be increased by 8.8% effective February 1, 2010 to help recover the cost of increased 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. One capital project example is the addition of Phase 1 of the Seismic Improvement Program into the CIP. Among other factors, the District has had to face this year an unusual combination of dramatically decreased water demand, economic uncertainty, increased labor related costs, and increased purchased water costs. The financial impact of purchased water costs includes a greater reliance on expensive Hetch Hetchy water over the past several years due to cutbacks in Delta water deliveries.

A number of measures are being taken by staff to help moderate the proposed rate increase. For example, staff continues to pursue new funding sources through grants and settlements, and implement cost control measures such as recently refinancing \$29 million in bonds at a lower interest rate. Staff has also taken a variety of other actions such as holding positions vacant, revising cost projections, and delaying capital projects, where possible, in response to lower demand. One of the more major cost-control measures is a decrease in the rate of service line replacements to reflect reduced costs. Additionally, customer conservation reduces the need to purchase relatively expensive Hetch Hetchy water.

Staff also proposes an 8.8% increase for those customers who are outside the District's boundaries and for large customers who only receive San Francisco Water. For the reasons detailed above, staff is also projecting the need for a 6.0% increase in 2011, but will come back to the Board next year once new data is available.

The proposed base commodity rates are summarized below.

	<u>Current</u>	<u>Proposed</u> <u>Eff. 2/1/10</u>
Base Commodity Charge (per HCF):		
Inside District	\$ 2.531	\$ 2.754
Outside District	2.910	3.166
San Francisco Water Service	2.682	2.918

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

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 an increased portion of the annual debt service on bonds issued to finance Water Treatment Plant No. 2 capital costs. The bimonthly service charge was last adjusted in February 2009. It is proposed that the bimonthly service charge be increased by 8.8% 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 \$10.68 to \$11.62. Staff is also preliminarily considering a 6.0% increase in 2011, but will come back to the Board next year once new data is available.

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 (commodity and service charge) for an average residential customer who uses 23 units of water (approximately 283 gallons per day) by 8.8% or \$6.07 from \$68.89 to \$74.96, which would mean a \$3.04 increase per month, or about 10 cents a day. This would continue to 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 2010 rates with the current 2009 rates of all the other surveyed agencies. A number of these agencies are projecting double-digit increases next year, and by next July, it is anticipated that the District will rank even lower in total cost in the survey.

PROPOSITION 218 NOTIFICATION

It is proposed that a written notification of the proposed rate increase be mailed to all property owners in the District. The mailing mentions both the current and proposed commodity rates, the effect on an average residential customer's bill, and reasons for the increase. Staff is requesting authorization from the Board to send out the mailings to give property owners 45 days notice before the January 14, 2010 proposed public hearing, which is the amount of notice required by Proposition 218. A separate mailing is also proposed to be sent to those approximately 200 property owners who are either outside the District boundaries or exclusive users of San Francisco water.

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 February 1, 2010 were previously adopted by the Board on January 8, 2009.

Based on the Financial Planning Model's latest projection of growth-related capital projects and projected revenue, staff is proposing a 9.0% increase to both the general Facilities Acreage Charge and potable Facilities Connection Charges effective February 1, 2011.

All of the above-proposed changes are shown below.

	<u>Adopted</u> <u>Eff. 2/1/10</u>	<u>Proposed</u> <u>Eff. 2/1/11</u>
Facilities Acreage Charge:		
General	\$ 6,645	\$ 7,243
New Non-District	\$ 1,250	\$ 1,449
Non-Potable	\$ 1,250	\$ 1,449

	<u>Current</u>	<u>Proposed</u> <u>Eff. 2/1/10</u>
Account Establishment Field Charge	\$ 32	\$ 33
After-Hours Connection Charge	198	204
Annexation Charge	1,830	1,937
Engineering Fees Minimum	7,700	8,100
Fire Hydrant Meter – Late Return	81	84
Fire Hydrant Meter – Late Reading	81	78
Meter Installation Charge – 3/4”	110	115
Meter Installation Charge – 1 1/2”	350	405
Meter Re-Installation Charge	71	73

Discussion ensued and staff responded to questions from the Board.

A motion was made by Director Reynolds, seconded by Director Weed to 1) set January 14, 2010, at 6:00 p.m. as the date and time for a public hearing for consideration and adoption of revisions to District’s rates and charges; and 2) authorize staff to mail notifications of the proposed commodity charge revisions and public hearing details to all property owners in the District.

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 October 7, 2009: (1) Comparison of Bromate Control Strategies
- Legal & Legislative Meeting of October 14, 2009: (1) SB 133 (ACWD Groundwater Protection Act) Implementation, (2) Call by Governor for Special Session on Water (3) Legislative Advocacy Representation
- Engineering & Capital Projects Meeting of October 15, 2009: (1) Deer Road Property, (2) SFPUC Bay Division Pipeline Projects
- Water Resources Planning Meeting of October 21, 2009: (1) LAVWMA Agreement Update, (2) Water Conservation Program Update
- Administrative & Finance Meeting of October 27, 2009: (1) Review of FY 2008/09 Financial Audit, (2) Review of Rates and Charges

6.2 OPERATIONAL REPORTS

- Rainfall Report
- Water Production Report
- Quarterly Well Level Report
- Quarterly Projects Review
- Investment Report
- Quarterly Personnel Report

6.3 STAFF REPORTS - None

6.4 GENERAL MANAGER'S REPORTS

- Mr. Wadlow informed the Board that he had received a communication via e-mail from Mr. Ken Nishimura who asked that it be distributed to the Board. This communication does not refer to an item that is on the agenda. In summary, Mr. Nishimura indicated that as a resident of north Fremont he had been following the environmental review process for the proposed Patterson Ranch development. The Draft EIR is currently open for public review and includes a water supply assessment. Mr. Nishimura agrees in principle with the methodology and conclusions reached by staff in determining the impact of the proposed development on local water demand and subsequent impact to ACWD but questions one aspect of the proposed mitigation, which is the concept of increasing recovery capacity from Semitropic as a mitigation for that development. Mr. Nishimura indicated that while in concept it appears this is a sound plan, he raises the concern that in critically dry years ACWD is subject to limitations of the supply of water due to the way that Semitropic operates and thus even though the District might have adequate supplies of banked water and have purchased recovery capacity under certain conditions it might not be available to the District. He questions the wisdom of allowing the proposed development to mitigate in that fashion and rather proposes that these developments should be asked to increase the availability of locally produced or controlled water. Mr. Nishimura requests that the Board carefully consider the impact of increased reliance upon a remote water storage system that has substantial limitations on the ability to deliver water during adverse conditions.

Mr. Wadlow distributed copies of the email to the Board and indicated that staff will review the concerns that were expressed in this letter and consider them in any recommendations to the Board for future actions on these development issues.

- Mr. Wadlow provided the Board with an overview of the 2009 State Water Legislative Package and distributed materials to the Board.

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

- Director Weed informed the Board that he recently had the opportunity, as an ACWA board member, to travel to Oroville in the Sacramento Valley to look at their operations.

He summarized his observations from the trip including the fact that rice farmers are paying \$65 an acre for water regardless of the amount of water they use.

Director Weed also attended a two-day trip to review current San Joaquin River operations and viewed a proposed future dam site.

There being no further business to come before the Board, President Gunther adjourned the meeting at 8:10 P.M.

Gina Markou, District Secretary

Attest:

James G. Gunther, President