

February 11, 2010
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on February 11, 2010 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 Huang, Gunther, Reynolds, Weed, and Koller

Staff members present: General Manager Walt Wadlow, Finance and Administration Manager Will Ligh, Operations Manager Steve Peterson, Groundwater Resources Manager Steven Inn, Special Assistant to the General Manager Karl Stinson, Attorney Patrick Miyaki, and Assistant District Secretary Andrew Warren.

President Martin Koller presided.

Director Huang led in the Salute to the Flag.

3 – PUBLIC COMMENTS

- Ms. Wynn Greich, a Hayward resident, addressed the Board and voiced her concerns regarding the chemicals that are used in the water treatment process and the potential effects on human health. She requested pictures of any chemical delivery trucks that have a “skull and cross bone” or “corrosive” plaque on them. Ms. Greich also inquired if the District belonged to ICLEI (International Council for Local Environmental Initiatives) and if so, for how long and what are the dues we pay.

4 – CONSENT CALENDAR

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

The motion was passed by the following vote:

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

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

- 4.1 Approval of Minutes – Regular Meeting of January 14, 2010
- 4.2 Ratification of Payment of Audited Demands dated January 15, January 22, January 29, and February 5, 2010
- 4.3 Resolution Approving and Authorizing Execution of Contract with City of Union City, Extension of Water Main, ACWD #2003-0124

RESOLUTION NO. 10-007

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT
BETWEEN ALAMEDA COUNTY WATER DISTRICT AND CITY OF UNION
CITY FOR EXTENSION OF WATER MAIN, REF. ACWD 2003-0124

- 4.4 Authorization for Director Weed to Attend Association of California Water Agencies 2010 Washington D.C. Legislative Conference
- 5.1 Resolution Awarding Contract for the Removal, Disposal, and Installation of Filter Media at WTP No. 2
- 5.2 Resolution Approving Statement of Investment Policy

The motion was passed by the following vote:

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

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

5.1* RESOLUTION AWARDING CONTRACT FOR THE REMOVAL, DISPOSAL, AND
INSTALLATION OF FILTER MEDIA AT WTP NO. 2

The Removal, Disposal, and Installation of Filter Media at Water Treatment Plant No. 2 (WTP No. 2) Project consists of removal, disposal, and replacement of the existing filter media in Filters 4, 5, and 6. The Board previously approved the Project and adopted a resolution finding the Project categorically exempt from the California Environmental Quality Act (CEQA).

On January 5, 2010, the project was advertised and one bid, from ERS Industrial Services, Inc., was received and opened on January 25, 2010. The total bid was \$94,972.72. The engineers estimate was \$220,000 to \$250,000.

Staff checked the bid arithmetically and for compliance with bidding requirements. There was one minor \$0.04 arithmetic error, which was corrected. ERS Industrial Services, Inc. has been in the contracting business under its present name for 18 years. ERS Industrial Services, Inc. performed similar work for the District in the past, most recently WTP No. 2 filter media rehabilitation work on Filters 1, 2, and 3 during April 2009. Recent references were also checked and are satisfactory. Based on staff's review, ERS Industrial Services, Inc. has adequate qualifications and experience to satisfactorily perform the work. There is adequate funding in the budget for this expenditure.

Two other potential bidders attended the prebid meeting. After the bid opening, staff contacted both to understand why bids were not submitted. One firm felt that they did not meet the experience requirements and the other prioritized other projects.

A motion was made by Director Gunther, seconded by Director Weed to adopt a resolution to award a contract for the Removal, Disposal, and Installation of Filter Media at WTP No. 2 to ERS Industrial Services, Inc., in the amount of \$94,972.72, which is a total of the unit price and lump sum payment items, Job 6420.

RESOLUTION NO. 10-008

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO ERS
INDUSTRIAL SERVICES, INC, FOR JOB 6420

The motion was passed by the following vote:

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

5.2* RESOLUTION APPROVING STATEMENT OF INVESTMENT POLICY

The investment of public funds is governed by Section 53600 of the California Government Code which specifies the types of investments permitted and identifies investment objectives as well as reporting requirements. One of the provisions of the Government Code is that the legislative body of a public agency must annually approve a statement of investment policy. The Board of Directors last approved the District's Investment Policy on February 12, 2009.

During the past year, there was only one change to the section of the Government Code which governs the investment of public funds. This change was to increase the limit of uncollateralized deposits for Certificates of Deposits from \$100,000 to \$250,000 to reflect the current limit insured by the Federal Deposit Insurance Corporation. The Administrative and Finance Committee reviewed the District's current Investment Policy on January 26, 2010 and concurred with staff's recommendation that no other changes to the policy are required at this time. In accordance with the provisions of the California Government Code which require the annual approval of an investment policy, it is recommended that the current policy be approved for the next twelve month period.

A motion was made by Director Gunther, seconded by Director Weed to adopt a resolution approving the Statement of Investment Policy.

RESOLUTION NO. 10-009

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING STATEMENT OF INVESTMENT POLICY

The motion was passed by the following vote:

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

ABSENT: None

5.3 DELIVERY OF SURVEY REPORT AND ADOPTION OF RESOLUTIONS OF INTENTION FOR FY 10/11 REPLENISHMENT ASSESSMENT

Mr. Inn reported that on November 12, 2009, the Board of Directors ordered the preparation of the 2010 Engineering Survey Report on Groundwater Conditions as provided in Section 7 of the District's Replenishment Assessment Act. The report has been completed as directed, and includes a recommendation for a 9% increase in the Replenishment Assessment rate. This proposed increase is subject to public notification requirements that were established through Proposition 218.

The following actions are henceforth required to establish the Replenishment Assessment for FY 10/11.

- February 11, 2010. Regular Board Meeting. On or before the second Tuesday in March, the Board must declare, through adoption of a resolution, its intent to establish a replenishment assessment in FY 10/11. Following adoption of this resolution, a second resolution must also be adopted at this meeting to extend the deadline for metering of certain non-metered wells for which annual water production would not result in revenues justifying the costs to install meters.
- February 12, 2010. To comply with Proposition 218 notification requirements, notices of the proposed rate increase will be mailed to owners and operators of wells producing water for purposes other than agricultural and municipal recreation.
- March 11, 2010. Regular Board Meeting. Staff will provide a presentation to assist the Board in its review of the Survey Report.
- April 13, 2010. Special Board Meeting. Public Hearing and adoption (tentative) of resolutions establishing the replenishment assessment for FY 10/11.
- No later than May 11, 2010. Board must adopt resolutions in order to establish a replenishment assessment in FY 10/11.

Additional work sessions on the Survey Report can be held at the Board's discretion. The Public Hearing, which must begin April 13, 2010, may be adjourned from time to time, but must be completed no later than May 4, 2010. The resolutions tentatively scheduled for adoption on April 13, 2010, may not be acted upon until completion of the Hearing, but must be adopted prior to May 11, 2010.

The Board received the Survey Report, and by a motion was made by Director Gunther, seconded by Director Huang to 1) adopt a resolution declaring that funds will be raised by a replenishment assessment in FY 10/11 and calling for a Public Hearing on April 13, 2010; and 2) adopt a resolution extending the deadline for installation of measuring devices on wells.

RESOLUTION NO. 10-010

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
DECLARING THAT FUNDS SHALL BE RAISED TO REPLENISH THE
GROUNDWATER SUPPLIES WITHIN THE DISTRICT DURING FY 10/11
AND CALLING A PUBLIC HEARING

RESOLUTION NO. 10-011

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
EXTENDING DEADLINE FOR INSTALLATION OF MEASURING DEVICES
ON WELLS

The motion was passed by the following vote:

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

5.4 RESOLUTION APPROVING BOARD MEMBER ATTENDANCE AT AMERICAN
WATER WORKS ASSOCIATION CONFERENCES

Mr. Wadlow reported that at the January 14, 2010, Board meeting, the Board directed staff to amend the “Policy Governing Compensation of Board Members” and “Policy for Expense Reimbursement of Board Members” to include authorization of and reimbursement for Board member attendance at American Water Works Association (AWWA) conferences.

Resolutions were drafted amending the referenced policies to include Board member attendance at AWWA conferences. Staff also recommends an additional change to the “Policy for Expense Reimbursement of Board Members.” Staff recommends updating the meal expense allowance to \$72.00 per day, reflecting CPI index-based changes since 2006, as provided for in the policy.

A motion was made by Director Reynolds, seconded by Director Gunther to 1) adopt a resolution amending Resolution 06-037, “Policy Governing Compensation of Board members,” and 2) adopt a resolution amending Resolution 06-038, “Policy for Expense Reimbursement of Board Members” to incorporate Board member attendance at AWWA conferences and to update the meal expense allowance.

RESOLUTION NO. 10-012

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AMENDING POLICY GOVERNING COMPENSATION OF BOARD
MEMBERS

RESOLUTION NO. 10-013

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
AMENDING EXPENSE REIMBURSEMENT POLICY

The motion was passed by the following vote:

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

6 – REPORTS

6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of January 6, 2010: (1) Update on Multiple Quagga Mussel Related Agreements
- Legal & Legislative Meeting of January 13, 2010: (1) Update on Newly Introduced State Legislation; (2) Update on 2010 Water Bond; (3) Quagga Consortium
- Water Resources Planning Meeting of January 20, 2010: (1) BAWSCA Water Management Activities; (2) Alameda Creek Fisheries Update
- Engineering & Capital Projects Meeting of January 21, 2010: (1) Newark Desalination Facility Tour
- Administrative & Finance Meeting of January 26, 2010: (1) Review of General Fund Cost Projections; (2) Update on Public Facilities Financing Corporation Annual Meeting; (3) Quarterly Review of Claims; (4) Quarterly Review of Investment Portfolio; (5) Annual Review of Investment Policy

6.2 OPERATIONAL REPORTS

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

6.3 STAFF REPORTS

- The Delta Habitat Conservation and Conveyance Program (DHCCP) and the Bay Delta Conservation Plan (BDCP) Status Update - Mr. Stinson informed the Board that the

BDCP was initiated in 2006. Its primary focus being restoring a habitat for fisheries in the Sacramento-San Joaquin Delta. The plan was specifically designed to produce two products, a Habitat Conservation Plan and a Natural Communities Conservation Plan. This approach was taken to address the State and Federal Endangered Species Acts. The goal for the plan is to develop the necessary mechanisms to get permits to operate the State and Federal Water Projects.

The DHCCP was formed in 2008 as a result of Governor Schwarzenegger's calls for studies to assess potential habitat restoration and water conveyance options in the Delta. The DHCCP is a partnership between the California Department of Water Resources and the Bureau of Reclamation to evaluate the ecosystem restoration and water conveyance alternatives identified by the BDCP. DHCCP activities include an environmental review of the BDCP.

On Thursday, February 11, 2010 officials guiding the BDCP chose to focus on the construction of an underground tunnel to carry water from the Sacramento River across the Delta. The decision only targets the tunnel for more detailed study. It was not a decision to build a tunnel or to exclude other options. A more definitive decision will be made in August or September of 2010.

The tunnel would be 43 miles long. Over most of its length it would consist of two parallel tunnels approximately 150 feet underground, each 33 feet in diameter. They would be able to move water at 15,000 cubic feet per second.

The estimated cost of the tunnels would be greater than other options, however there are fewer negative impacts. The estimated costs for the tunnels would be \$9.7 to \$10.5 billion. Other options, such as a western and eastern aligned peripheral canal would be less expensive to construct, however land acquisitions and environmental hurdles could drive the costs up significantly, and require significantly more time to complete the project.

Director Koller asked if surge towers should be used. Mr. Wadlow stated that in the peripheral canal option, there would be no surge towers but the tunnel option would have surge towers.

Mr. Stinson presented the pros and cons of building an underground tunnel. One con would be the unknown nature of boring into the ground. Until work has begun, the true nature of what the boring machines would encounter could pose a risk of delayed progress and cost increases.

The boring machines that would do the work are very complex, costly and would have to be specially built. Critical to constructing the tunnels would be all the pumps that need to be built. Pumps would be needed for intakes and for pumping water into the canals and tunnels.

During a catastrophic event, such as an earthquake, the tunnels could be more structurally sound than a canal. Alternatively, a collapsed tunnel could prove to be very difficult to repair.

As far as the project schedule, a draft EIR is expected to be complete by the end of 2010. A recommended decision and notice of determination will be completed by April 2012. The tunnel would not be in service until 2020. This schedule assumes that the purchase and construction of pumps will be done before the EIR is complete, which is very risky. A completion date of 2020 would be optimistic.

Director Weed inquired where the regional wastewater treatment plant is in relation to the intake of water. Mr. Stinson stated that four out of the five potential intake locations were downstream from the plant. Director Weed inquired if there was consideration of modifying the outlet of the regional wastewater treatment plant. Mr. Stinson stated that has not been worked on at this time.

Director Gunther asked if anyone has researched the tunnel currently being constructed in New York. Mr. Stinson indicated that nobody has researched that at this time, however other tunnel projects have been researched. Director Gunther expressed concern over the lengthy lead-time of pumps that need to be built in order to move the project along.

Director Huang inquired if anyone has talked to the City and County of San Francisco. They built a cross-town tunnel using a tunnel boring machine. Mr. Stinson responded that he is sure that the engineers and project managers have researched that tunnel project.

Mr. Stinson indicated that on February 9, 2010, Westlands Water District, Delta-Mendota Water Authority, and the State Water Contractors filed a temporary restraining order to eliminate pumping restrictions in the Delta. Pumping restrictions were initiated due to a biological opinion designed to protect migrating salmon from impacts of pumps being used in the Delta. U.S. District Judge Oliver Wanger temporarily lifted pumping limits. The group also filed for a temporary restraining order regarding the biological opinion on Delta Smelt. Judge Wanger denied the temporary restraining order.

Director Weed asked if pumping was higher during the day and lower at night. Mr. Stinson indicated that pumping during the day was minimized.

Director Weed inquired due to the impact on deliverability of water, will the DWR be able to tell us what percentage of water we will be receiving this year. Mr. Stinson responded that the District should find out the week of February 15. Mr. Stinson did indicate that snow content is 125% of normal for this time of year.

Mr. Wadlow stated that currently the operation of the state's water system is being driven by courts not out of planned, designed and operated facilities. This theme will be conveyed by contractors to Californians so they are aware of the current state of water delivery. Trying to get down to the details is complex and difficult to understand with

multiple decisions made by a Judge. Contractors will be expressing to the public a need to move to a planned, efficient means of operation of the state's water system.

6.4 GENERAL MANAGER'S REPORTS

- Mr. Wadlow distributed a copy of the Legislative report from the District's Sacramento representative, Jennifer West. This report was shared with the Legal and Legislative Committee on February 10. Mr. Wadlow stated this item was informational and for the Board to review the format of the report, since this is a new venture for the District. The intent is to have a cover memo which highlights significant issues in Sacramento. Attached to the cover memo is a summary which describes legislation that has been introduced, its objectives, the current status, and positions taken by significant organizations or entities that are of specific interest to the District. Mr. Wadlow informed the Board if they had any comments or suggestions they are welcome as the format can be revised to suit their needs.
- Mr. Wadlow distributed a copy of an article from the last League of Women's Voters Bay Area Monitor for the Board's information. The article described the State Legislative Water Package that was passed last fall. It includes perspectives from people that spoke to the League of Women's Voters regarding the Package.
- Mr. Wadlow discussed a copy of a letter that the Board received from the City of Union City regarding the 11th Street Water Main Extension. The city stated in the letter they will be paying the necessary fees for acreage charges under protest and would like to know how they can appeal the said charges. Mr. Wadlow stated that the city sent an additional letter to Development Services Manager Ed Stevenson requesting information regarding any and all relevant contracts entered into between ACWD and any and all public agencies under the Public Records Request Act. Mr. Wadlow informed the Board that since ACWD does not have any statutory provisions for the appeal of fees, he will engage the City Manager, Mr. Larry Cheeves to start a dialogue regarding their interests and concerns. If the city's concerns are not settled between Mr. Cheeves and Mr. Wadlow, the next step would be for the Union City Council to bring the matter forward to the Board. A status update will be provided at the next Engineering and Capital Projects Committee Meeting. The Board expressed their concerns that the City of Union City approached them as Board members regarding this matter and feel the most appropriate action is for staff to handle the matter.

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

- Director Weed informed the Board that he attended an ACWA regional presentation on Contra Costa County followed by a presentation on the State Water Package. Director Weed also informed the Board of his attendance at the ACWA Region 5 Board Meeting.
- Director Huang requested that during Director Weed's next meeting in Washington, D.C., he seek funds for the District to help facilitate various projects, such as the Desal plant expansion.

- Director Koller requested a change to the format of the Action Item section of the Board Packet. Currently the format for each Action Item is history, an in-depth description of each item, then staff recommendation. Director Koller asks that each item include a one paragraph summary at the beginning. Included in each summary would be a brief description and costs associated with the item. The full description of the item should be included as well. The Board will use the summary to review and move on each Action Item with the understanding that if a Board member so chooses, a full review of the Action Item will be done. Director Koller mentioned that although the Action Item will be summarized, the Board is responsible to come to the meeting understanding each Action Item. The Board agreed the change was acceptable and Mr. Wadlow informed the Board staff will take that as direction and change the format from this point forward.

There being no further business to come before the Board, President Koller adjourned the meeting at 7:07 P.M.

Andrew Warren, Assistant District Secretary

Attest:

Martin L. Koller, President