

ALAMEDA COUNTY WATER DISTRICT MEMORANDUM

DATE: April 7, 2010
TO: Board of Directors
FROM: Walt Wadlow
SUBJECT: STAFF REPORT, ACTION CALENDAR ITEMS FOR APRIL 13, 2010

5.1* AUTHORIZATION FOR EXECUTION OF AGREEMENT FOR COLLECTION AGENCY SERVICES

SUMMARY: The District's current agreement for collection agency services with Financial Credit Network, Inc. (FCN) will be ending in April 2010. Staff has worked well with FCN and has been very satisfied with their services, professionalism and responsiveness. Staff is proposing the agreement with FCN be renewed for three years with an option for a two year extension.

RECOMMENDATION: By motion, authorize the General Manager to execute a services agreement with Financial Credit Network, Inc. to provide professional collection agency services.

DISCUSSION: The District utilizes the services of a professional collection agency to assist with the collection of delinquent accounts receivable after unsuccessful attempts by staff to obtain payment. On April 12, 2005, the Board of Directors authorized execution of an agreement with FCN to provide collection agency services. During the past five years, the District has referred approximately 4150 accounts to FCN for collections, totaling \$515,400 for an average balance of \$124 per account. To date, FCN has collected a total of \$57,804 which represents a recovery rate of about 11%. The national average recovery rate for telecommunications and utilities has been slightly less at a rate of 10%. FCN's fee for collection services is 28% of the amount collected which is comparable to or less than the fees charged by other collection agencies.

FCN has been in business since 1954 and provides collection services to a number of private and public agencies in California including the Cities of Fremont, Sacramento, Pasadena and Visalia, Counties of Kern and Tulare, California Water Service and California Highway Patrol. In addition, FCN has access to a number of databases nationwide and utilizes a number of technological tools to enhance their collection efforts. They also employ web technology to enable customers to easily obtain up to date information on outstanding accounts through the internet and to provide secure on-line maintenance capabilities for customers to assign new accounts, to make adjustments or to request reports as needed.

This item was reviewed with the Administrative & Finance Committee on March 23, 2010.

5.2* AUTHORIZATION OF PURCHASE ORDERS FOR CONSULTANT SERVICES FOR
ALAMEDA CREEK FISHERIES WORKGROUP FLOW STUDIES

SUMMARY: The consulting firm of McBain and Trush, Inc. (McBain and Trush) has been retained by ACWD on behalf of the Alameda Creek Fisheries Workgroup (“Workgroup”), to conduct flow studies to support Alameda Creek steelhead restoration efforts. At the request of ACWD staff and the Workgroup, McBain and Trush has recently submitted a new proposal to: 1) conduct flow-habitat mapping in Niles Canyon; and 2) conduct an evaluation of steelhead migration to upper Alameda Creek. In addition, the Center for Ecosystem Management and Restoration (CEMAR) has submitted a proposal to continue providing project management services on behalf of the Workgroup for managing these flows studies. The total combined cost of these consultant services is estimated to be \$105,000. ACWD’s share of these costs will be \$26,215. There are sufficient funds in the FY09/10 budget for these expenditures.

RECOMMENDATION: By motion, 1) authorize a Purchase Order to McBain and Trush in an amount not to exceed \$95,000 for consulting services for the Alameda Creek Flow Studies; 2) authorize a Purchase Order to CEMAR in an amount not to exceed \$10,000 for project management services; and 3) authorize the General Manager to execute services agreements with McBain and Trush and CEMAR for the proposed services.

DISCUSSION: The McBain and Trush proposal has been prepared pursuant to implementation of the Memorandum of Understanding (MOU) developed and executed in 2007 to support restoring steelhead trout to the Alameda Creek watershed. The goal of the MOU is to design and conduct studies for estimating the magnitude, timing, duration, frequency and location of flows necessary to restore steelhead fisheries (while minimizing the impacts to water supply operations). These studies must provide information regarding habitat quality and quantity under alternate flows for key reaches of the watershed so that MOU signatories can understand how various flow regimes may influence steelhead populations.

The previous contracts between ACWD and McBain and Trush initiated the instream flow study by first developing a Study Plan for Alameda Creek Population Recovery Strategies and Instream Flow Assessment for Steelhead Trout (completed January 2008), then developed a Sampling and Analysis Plan for 2009 to begin implementing the Study Plan. The 2009 Sampling and Analysis Plan identified six habitat mapping flows for the three study sites on Upper Alameda Creek. In addition, the 2008 Study Plan identified additional reaches for flow-habitat relationships to be developed beyond the three sites in Upper Alameda Creek. Consequently, this scope of work will continue the work identified in the 2009 Sampling and Analysis Plan and expand to other tasks in the 2008 Study Plan. In addition, as provided for under the MOU, the Workgroup has agreed to utilize CEMAR to serve as project manager and coordinator for these flow studies. Under the new proposal, CEMAR will continue in that role.

The funding for these proposed flow studies and project management services is within with the MOU funding commitments previously agreed to by the funding agencies (ACWD, Alameda County Flood Control and Water Conservation District, Zone 7 Water Agency, SFPUC and PG&E).

5.3* AUTHORIZATION OF PURCHASE ORDERS FOR WATER TREATMENT

CHEMICALS FOR THE NEWARK DESALINATION FACILITY

SUMMARY: The newly expanded Newark Desalination Facility requires two pretreatment chemicals, sulfuric acid and antiscalant, to prevent reverse osmosis membrane fouling. The purchase of these two chemicals is needed now for testing and start-up activities, which are tentatively scheduled to begin in May. There is adequate funding in the budget to cover the costs of water treatment chemicals for the balance of the current fiscal year.

RECOMMENDATION: By motion, approve the following actions: 1) authorize the purchase order to furnish and deliver sulfuric acid to Sierra Chemical for an estimated cost of \$90,620; 2) waive the minor irregularities in the Nalco Company bid, the lowest bidder; and 3) authorize the purchase order to furnish and deliver antiscalant to Nalco Company for an estimated amount of \$122,295.

DISCUSSION: The District received and opened eight bids on March 29, 2010 for sulfuric acid and antiscalant. All bids were checked arithmetically and for compliance with the bidding requirements. A summary of the bids is attached. The proposals for Sulfuric Acid had no irregularities.

The antiscalant proposals had multiple irregularities. Avista Technologies was the apparent low bidder for the antiscalant; however after correction by District staff of a calculation error in the estimated quantity that increased the price for comparison, Nalco Company became the low bidder. Nalco Company also made a calculation error, but when corrected, remained the low bidder. Nalco Company also included its Standard Terms and Conditions which have been waived and is considered superfluous to the bid.

The lowest bids for each chemical are shown in the table below and are based on a 20-month period. The total cost for the two chemicals for the two month period between May 1 and June 30, 2010 is \$64,854. This cost for May and June is based on the estimated quantities required for the startup of the expanded Newark Desalination Facility.

Item No.	Supplier	Chemical	Estimated Quantity	Unit Price
1.	Nalco Company	Antiscalant	64,661 pounds	\$1.68 per pound
2.	Sierra Chemical Co.	Sulfuric Acid	785 tons	\$115.44 per ton

5.4* AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR WATER WELL REHABILITATION SERVICES

SUMMARY: The District previously issued a purchase order to Layne Christensen Company to perform well rehabilitation services for the Mowry 3 Well (Mowry 3) in an amount not to exceed \$43,604.74. Due to the need for additional development of the well, additional funding is needed to complete the work. There is adequate funding in the budget for this expenditure.

RECOMMENDATION: By motion, authorize a purchase order amendment to Layne Christensen Company for rehabilitation services for Mowry 3 in an amount not to exceed \$18,574.

DISCUSSION: To maintain the efficiency of the District's production wells, a program to

rehabilitate up to two wells per year is included in the Capital Improvement Program. This year, Mowry 3 was identified for rehabilitation because the production capacity has been decreasing and a recent video camera survey of the well confirmed that the well screen is partially plugged with incrustants.

On January 20, 2010, the General Manager authorized a purchase order to Layne Christensen Company to perform both physical and chemical rehabilitation services in the amount of \$43,604.74 on a time and expense basis. Staff selected Layne Christensen Company due to its specialized experience in the field of well rehabilitation, its familiarity with the District's production and Aquifer Reclamation Program wells, lower costs based on previous proposals, and the limited number of companies that can provide the required well rehabilitation services in this area.

The original scope for the well rehabilitation service work included sonar jetting, brushing, bailing the well to its original depth, employing the alternating use of acid and sodium hypochlorite mixtures, swabbing the well screen, airlifting, and development of the well. However, as the work progressed, it became apparent that fine materials were entering the well through the top portion of the screen. Typically, this is caused by either a hole in the screen or casing or the well's gravel pack settling over time. Therefore, staff suspended the rehabilitation work, evaluated alternatives to address the issue, and elected to procure the services of a specialty contractor (Welenco) to install a 10-foot stainless steel liner to block the upper portion of the screen. This work was satisfactorily completed by Welenco for a negotiated price of \$10,000.00 and it is now appropriate for Layne Christensen Company to resume the rehabilitation and development of the well. A purchase order amendment in the amount of \$18,574.00, including 10% for contingencies, is required to complete the work. Upon completion of the well rehabilitation work, a new pump and motor will be installed. Staff has reviewed the costs for the additional work and has determined that they are fair and reasonable.

5.5* AUTHORIZATION OF PURCHASE ORDER FOR WELLFIELD REPLACEMENT PUMPING EQUIPMENT

SUMMARY: A submersible pump assembly needs to be purchased now to replace a Byron-Jackson submersible pump taken from District inventory and installed in the Mowry 3 well. District staff sought and obtained only one quote from the northern California authorized distributor of Byron-Jackson submersible pumps, Pump Repair Services, in the amount of \$66,386.43 for the purchase of a new Byron-Jackson pump and to repair (rebuild) the existing Byron-Jackson motor. Because there is only one source of supply for Byron-Jackson pumps, Board approval is needed to waive the District's Procurement Policy No. 1. There is adequate funding in the total budget for this expenditure; therefore a reserve appropriation is not needed. However, Board authorization is required to transfer capital funds to the wellfield replacement equipment account since the amount needed exceeds the intra-budget adjustment limit of \$50,000 set by the Board.

RECOMMENDATION: By motion, 1) waive Procurement Policy No. 1 requiring sealed bids for equipment purchases above \$25,000, 2) authorize a purchase order to Pump Repair Services for one Byron-Jackson submersible pump and rebuilt motor assembly for \$66,386.43, and 3) authorize the transfer of \$65,000 from the SCADA Systems Major Upgrades account to the Mowry and PT Wellfield Replacement Well Equipment account.

DISCUSSION: Mowry 3 is being rehabilitated this year to improve the well's production performance (e.g., increase its specific capacity), and to extend the life of the well. Since the existing pumping equipment has been in operation for 10 years and is near the end of its service life, District staff determined it would be cost effective to install new equipment in the rehabilitated well. Installing a new submersible pump now avoids additional pump installation costs (e.g., if the old equipment was reinstalled and then it failed a short time later), and increases the reliability of Mowry 3.

The District's operational experience over the past five years has shown that Byron-Jackson submersible pumps constructed with 2300 volt motors in the 250 to 300 HP size range, to be more reliable (having the least number of equipment failures), and having the least life cycle cost than similar type equipment from other manufacturers. The District's practice has been to utilize Byron-Jackson pump and motor assemblies for its submersible well installations at the Peralta-Tyson and Mowry wellfields for consistency and ease of maintenance. Because there is only one authorized Byron-Jackson distributor, District staff identified this purchase as a single source purchase and only Pump Repair Services was requested to submit a quote.

Regarding the transfer of funds from the SCADA Systems Major Upgrades account, this transfer will not result in additional monies being added to the Capital Improvement Program because there are sufficient funds in next year's budget for the planned SCADA work.

5.6* AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR SECURITY GUARD SERVICES

SUMMARY: The District has an existing contract with Overton Security Services to provide guard services at District facilities. Between February 11 and mid-April 2010, additional enhanced guard services will be utilized at regularly staffed facilities consisting of the two water surface treatment plants and District headquarters. A reserve appropriation and a purchase order amendment are needed to fund and pay for the additional services.

RECOMMENDATION: By motion, 1) authorize a reserve fund appropriation in the amount of \$129,000, and 2) authorize a purchase order amendment to Overton Security Services to pay for additional services already being provided in an amount not to exceed \$129,000.

DISCUSSION: The decision to provide enhanced security guard services was based on the need to ensure a safe and secure work environment for all District employees. Guards were positioned at the entry gates of regularly staffed facilities and assigned to only allow incoming traffic access to persons with proper authorization. Beginning mid-April, enhanced guard services will be eliminated to reflect the implementation of previously planned security improvements. These improvements include upgraded video monitoring at facility entry gates, and the implementation of a programmable management system for locks and keys.

5.7 PUBLIC HEARING ON PROPOSED REPLENISHMENT ASSESSMENT FOR FY 10/11

SUMMARY: As provided in the District's Replenishment Assessment Act, a public hearing must

be held on the second Tuesday in April for the purpose of determining whether, and to what extent, the cost of replenishing groundwater supplies within the District during FY 10/11 will be funded by a replenishment assessment. The hearing may be adjourned from time to time, but must be completed no later than the first Tuesday in May (May 4, 2010).

RECOMMENDATION: By motion, conduct a public hearing as scheduled and receive comments from the public.

DISCUSSION: On November 12, 2009, the Board ordered the preparation of the 2010 Engineering Survey Report on Groundwater Conditions as provided in Section 7 of the District's Replenishment Assessment Act. On February 11, 2010, the Board: 1) received the completed report; 2) declared its intent to raise funds by a replenishment assessment in FY 10/11; and 3) scheduled a Public Hearing for April 13, 2010.

On March 11, 2010, staff presented to the Board the report's findings and basis for the recommended replenishment assessment.

Notice of the time and place of the public hearing was published in The Argus newspaper, as required by the Replenishment Assessment Act, and was posted on the District's website. Additionally, notification mailings of the proposed 9% increase in the replenishment assessment rate were mailed at least 45 days prior to the public hearing, as required by Proposition 218. To date, no comments from the public have been received by the District.

Any person interested, including any and all persons owning property within the District, may appear during the public hearing and present any and all matters in support of or in opposition to the proposed assessment, the Survey Report, or the Board's determinations. The hearing may be adjourned from time to time, but must be completed no later than the first Tuesday in May (May 4, 2010).

5.8 RESOLUTIONS ESTABLISHING REPLENISHMENT FOR FY 10/11

SUMMARY: In anticipation that comments received, if any, during the April 13, 2010, public hearing will not necessitate an additional Board meeting, staff has prepared the required resolutions for establishing the proposed replenishment assessment for FY 10/11. Should the Board not adopt the resolutions on April 13, a special Board meeting would be required to meet the deadline stipulated in the Replenishment Assessment Act (second Tuesday in May, or May 11).

RECOMMENDATION: By motion, adopt the resolutions required to establish the replenishment assessment for FY 10/11.

DISCUSSION: For establishing the replenishment assessment for the coming fiscal year, the Replenishment Assessment Act specifies the actions that must be taken, through Board resolution, no sooner than the close of the public hearing, but no later than the second Tuesday of May. The resolutions: 1) state the findings and determine the need for the replenishment assessment; 2) establish the replenishment assessment rates (\$8.00 per acre-foot for agricultural and municipal recreation uses, and \$237.00 per acre-foot for all other uses); and 3) provide procedures and statement forms.

5.9 AUTHORIZATION OF PURCHASE ORDER FOR UTILITY TRUCK BODIES

SUMMARY: Board authorization is needed to rescind the award and cancel the contract to West Capitol Investments and to award the contract for furnishing and installing five utility bodies for five Ford F-650 utility trucks to Scelzi Enterprises, Inc. of Fresno, California for \$285,843.88. The Board previously awarded this work to West Capitol Investments of West Sacramento at the November Board meeting for \$248,819.71 (\$37,024.17 less than the Scelzi bid). There is sufficient funding in the budget to award this work to Scelzi Enterprises.

RECOMMENDATION: By motion, 1) authorize the rescinding and cancelling of the purchase order with West Capitol Investments, and 2) authorize a purchase order to Scelzi Enterprises, Inc. for the purchase and installation of five utility bodies in the amount of \$285,843.88.

DISCUSSION: On March 25, 2010, the District received a letter from West Capitol Investments (West Capitol) stating it could not meet its contractual obligation of furnishing and installing the five utility bodies because it was no longer the authorized distributor for utility body fabricator, Knapheide Manufacturing of Quincy, Illinois. No work has been performed to date by West Capitol because the Ford Motor Company has not yet fabricated and delivered the five F-650 truck chasses. In response, District staff contacted both West Capitol and the second lowest bidder, Scelzi Enterprises.

West Capitol Investments stated Knapheide took its distributorship away because West Capitol was not selling enough utility bodies, and added it was a new company with only limited finances. West Capitol was previously Lodi Equipment which filed for bankruptcy in 2009. However, Knapheide had offered to take over the contract, but would charge an additional \$17,571 for doing so. When staff contacted Scelzi Enterprises, the firm stated it was still interested in the work and would honor its bid price submitted with its proposal from October 2009.

The District has two options: 1) agree to the assignment of the West Capitol purchase order to Knapheide, which would present potential difficulties associated with inspection during the installation work and warranty repair work since the utility bodies would be installed in Quincy, Illinois; or 2) rescind the purchase order issued to West Capitol and award it to Scelzi Enterprises.

Staff recommends rescinding the purchase order issued to West Capitol and awarding it to Scelzi Enterprises. Scelzi Enterprises is located in California, is financially stable and has previously performed similar satisfactory work for the District.

5.10 RESOLUTION HONORING WILBERT L. LIGH UPON HIS RETIREMENT FROM DISTRICT SERVICE

SUMMARY: Wilbert L. Ligh the District's Finance & Administration Manager will be retiring from the District on July 10, 2010, after 30 years of service.

RECOMMENDATION: By motion, adopt a resolution honoring Wilbert L. Ligh and expressing appreciation for his 30 years of service to the District.

Board of Directors

Page 8 of 8

April 7, 2010

DISCUSSION: Will began his career at ACWD on February 18, 1980, as an Intermediate Accountant. His title was changed to Sr. Accounting Budget Analyst in 1982. In 1989 Will was promoted to Budget/Financial Analyst, to Financial Services Supervisor in 1993, to Accounting Manager in 1994, and to Finance & Administration Manager in 2006.

During his many years of service, Will has always performed his duties in a professional and courteous manner. His knowledge of the District's financial systems has enabled him to make major contributions to the District's financial security and stability, which will endure for many years to come. During his tenure as Finance & Administration Manager, Will has always strived to provide the highest quality of service to both internal and external customers of the Finance Department and to the Board of Directors. He has always approached his duties with enthusiasm and with the highest level of competence and integrity. He will be greatly missed by his many friends and associates at the District.

Attachments

cc: Executive Staff