

June 9, 2011
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on June 9, 2011 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 Weed, Gunther (arrived at 8:49 P.M.), Koller, Sethy, and Huang

Staff members present: General Manager Walt Wadlow, Assistant General Manager-Engineering Robert Shaver, Manager of Finance Shelley Burgett, Acting Manager of Operations Leonard Pristia, Manager of Administrative Services Altarine Vernon, Special Assistant to the General Manager Eric Cartwright, Senior Water Resources Engineer Thomas Niesar, Attorney Patrick Miyaki, and Assistant District Secretary Andrew Warren.

President Judy Huang presided.

Director Weed led in the Salute to the Flag.

3 – PUBLIC COMMENTS – None

4 – RESOLUTION ADOPTING THE BUDGET AND ADOPTING THE 25-YEAR CAPITAL IMPROVEMENT PROGRAM

The Board of Directors reviewed the Budget for FY 2011/12 and FY 2012/13 and the 25-Year Capital Improvement Program with staff.

The Budget for FY 2011/12 and FY 2012/13 includes total revenue of \$80,293,700 and \$83,452,900, respectively and total expenditures of \$92,774,443 and \$87,902,397, respectively. For the respective fiscal years this includes: \$64,551,347 and \$67,972,371 for operating expenses; \$24,355,860 and \$16,058,390 for capital expenditures; \$3,867,236 and \$3,871,636 for debt service costs.

The 25-year Capital Improvement Program is the District's planning tool for implementing capital projects identified in the Integrated Resources Plan and Engineering Reports, as well as other capital projects needed to meet changes to water quality regulations, District operational criteria, and other facility reliability improvements such as seismic, safety and security upgrades. The Capital Improvement Program document identifies capital expenditures totaling \$316,032,311 to be expended through FY 2035/36.

A motion was made by Director Koller, seconded by Director Sethy to adopt a resolution adopting the Budget for FY 2011/12 and FY 2012/13 and adopting the 25-Year Capital Improvement Program.

RESOLUTION NO. 11-032

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING THE FY 2011/12 AND FY 2012/13 BUDGET AND ADOPTING
THE 25-YEAR CAPITAL IMPROVEMENT PROGRAM

The motion was passed by the following vote:

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

5 – CONSENT CALENDAR

A motion was made by Director Sethy to add Items 6.1 through 6.4, 6.6 through 6.10, and 6.13 through 6.17 to the Consent Calendar, seconded by Director Weed.

The motion was passed by the following vote:

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

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

- 5.1 Approval of Minutes – Regular Meeting of May 19, 2011
- 5.2 Ratification of Payment of Audited Demands dated May 13, May 20, and May 27, 2011
- 5.3 Resolution Placing in Nomination Director John H. Weed as a Member of the Association of California Water Agencies (ACWA) Region 5 Board Member

RESOLUTION NO. 11-033

OF THE BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER
DISTRICT PLACING IN NOMINATION JOHN H. WEED AS MEMBER OF
THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 5
COUNCIL

- 6.1 Authorization of Purchase Order for Welding Services
- 6.2 Authorization of Purchase Order for Paving Services
- 6.3 Authorization of Purchase Orders for Backfill Materials
- 6.4 Authorization of Purchase Orders for Disposal of Materials to Landfills
- 6.6 Authorization of Purchase Order for District Security Guard Services
- 6.7 Authorization of Purchase Orders for Rental of Vacuum Excavators

- 6.8 Resolution Approving and Authorizing the Designation of Certain Products by Specified Brand or Trade Name
- 6.9 Authorization of Purchase Orders for Water Treatment Chemicals
- 6.10 Authorization of Purchase Order for Consulting Service for SCADA Systems Development Work
- 6.13 Authorization of Purchase Orders for Temporary Services FY 2011/12
- 6.14 Authorization of Funding Transfer for Polybutylene Emergency and Planned Replacements, and Meter Replacement Program
- 6.15 Authorization of Funding Transfer for the CIS Cayenta Utility Billing System
- 6.16 Authorization of Change Order No. 1 for the Peralta-Tyson Site Upgrades Project
- 6.17 Resolution Awarding Contract for the 7 Hills Booster Pump No. 3 Installation Project
- 6.19 Public Hearing to Consider the 2010-2015 Urban Water Management Plan and SBX7-7 Compliance Method; Consideration of Resolution Adopting 2010-2015 Urban Water Management Plan and SBX7-7 Compliance Method
- 6.20 Resolution Awarding Contract for the 20-Inch Pipeline Relocation for Warren Avenue Grade Separation Project

The motion was passed by the following vote:

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

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

6.1* AUTHORIZATION OF PURCHASE ORDER FOR WELDING SERVICES

The District has an existing contract with Ferguson Welding Services Inc. (Ferguson) to provide pipeline field and shop welding services through June 30, 2011. The original agreement was authorized by the Board in spring 2009 and contained provisions for extending the contract for two additional 12-month periods. Adequate funds have been allocated to cover this expense in the FY 2011/12 budget.

Contract welding services are needed to support Distribution Maintenance planned field operations including the field welding of steel pipe joints associated with the installation of customer requested service and fire lines, water meter manifolds, fire hydrant laterals, and the fabrication and installation of steel offsets. Additionally, welding services are needed to perform emergency repairs to steel water mains, and to make repairs or to fabricate modifications to District equipment. Historically, approximately 85% of the contract welding work is associated with customer requested projects for which the cost is fully reimbursed to the District. Staff is proposing extending the agreement with Ferguson for FY 2011/12. The unit prices (hourly rates) for welding services performed in the field increased between 2.9% and 4.5% depending on when the work is performed, (e.g., time of day, during the week, weekend or holiday). Shop

fabrication work is quoted separately when the work is needed and after the scope of the work has been determined.

A motion was made by Director Weed, seconded by Director Sethy to authorize a purchase order for welding services to Ferguson Welding Services Inc. for an amount not to exceed \$148,000 for FY 2011/12 at the unit prices quoted.

The motion was passed by the following vote:

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

6.2* AUTHORIZATION OF PURCHASE ORDER FOR PAVING SERVICES

The District's contract with Dun-Rite Excavating Inc. (Dun-Rite), to repair and replace asphalt pavement removed during pipeline trenching work and to adjust valve pot elevations at various street construction sites within the service area will expire at the end of June 2011. The original agreement was authorized by the Board in spring 2009 and contained provisions for extending the contract for two additional 12-month periods. Adequate funds have been allocated to cover this expense in the FY 2011/12 budget.

Contract asphalt paving services are needed for patch paving of pipeline trench cuts throughout the service area, patch paving and overlays for planned service lateral replacements, and for valve pot adjustments for customer jobs and annual city street overlay projects. Staff is proposing extending the agreement with Dun-Rite for FY2011/12. The services provided to date by Dun-Rite have been satisfactory and in compliance with the contract. At the request of staff, Dun-Rite submitted unit prices for asphalt paving services for FY 2011/12. The unit prices for the various paving work items increased 2.4%. The total estimated cost of these services is \$1,400,000 which includes \$400,000 for possible additional unanticipated paving work associated with large leak repairs or unusually high valve pot adjustment work because of unidentified city street re-grade and overlay projects.

A motion was made by Director Weed, seconded by Director Sethy to authorize a purchase order to Dun-Rite Excavating Inc. for an amount not to exceed \$1,400,000 for FY 2011/12 at the unit quoted price.

The motion was passed by the following vote:

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

6.3* AUTHORIZATION OF PURCHASE ORDERS FOR BACKFILL MATERIALS

The District's current agreements with three suppliers of trench backfill materials, Hanson Aggregates Mid-Pacific Inc. (Hanson), Milpitas Material Co., and Granite Rock (Granite), will expire on June 30, 2011. Instead of seeking sealed bids to furnish the needed backfill materials,

staff is proposing to enter into one-year agreements with these three suppliers for FY 2011/12. These suppliers have consistently had adequate quantities of backfill materials of satisfactory quality available for District use and are the most economical source of backfill materials when the time and the cost of transporting backfill materials are considered. Board approval is needed to waive the District's Procurement Policy No. 1. There are adequate funds in the FY 2011/12 budget for these expenditures.

District crews perform a variety of maintenance, repair, and new lateral and service line installation work which require trench excavation and then subsequent use of backfill materials. Typical backfill materials include: sand, coarse aggregate, base rock, concrete, control density fill (similar to low strength concrete), and temporary asphalt (cut-back). The District purchases backfill materials from nine suppliers located within approximately 20 miles of the District's service area. Past experience has demonstrated that it is cost effective and provides for more efficient use of crew time to purchase backfill materials from these local suppliers to minimize transportation costs and to minimize delays waiting for backfill materials during both normal and outside of normal business hours. The amounts purchased from each supplier are dependent upon the availability of the material in the quantities needed and the suppliers are capable of consistently having adequate quantities of backfill materials available that meet the District's specification requirements.

Hanson, Milpitas Material, and Granite have been satisfactorily providing backfill material to the District for more than 15 years. Hanson primarily supplies sand, coarse aggregates, and base rock. Milpitas Material primarily furnishes concrete and control density fill and Granite primarily furnishes temporary asphalt. At the request of staff, the three suppliers submitted backfill materials unit prices for FY 2011/12. The FY 2011/12 combined estimated cost for backfill materials from the three suppliers is \$310,000. Except for concrete and control density fill, this amount excludes the transportation costs associated with the delivery of backfill materials to various job sites and to the District's storage and maintenance yard. The total estimated cost for backfill materials from the three suppliers for FY 2011/12 represents a 3.7% decrease from the previous year. Only one of the three vendors, Granite, had a change to the current unit cost for materials normally purchased; Granite's increase was 2.4%. It should be noted that the District does purchase backfill materials from the other six local suppliers, but in significantly smaller amounts with no purchase order exceeding \$50,000 for any of the other six local suppliers.

A motion was made by Director Weed, seconded by Director Sethy to: 1) waive Procurement Policy No. 1 requiring sealed bids for materials and supplies above \$50,000, and 2) authorize the annual purchase orders to Hanson Aggregates Mid-Pacific Inc., Milpitas Material Co., and Granite Rock for various backfill materials for FY 2011/12 for the following respective estimated amounts: \$176,000, \$66,000, and \$68,000.

The motion was passed by the following vote:

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

6.4* AUTHORIZATION OF PURCHASE ORDERS FOR DISPOSAL OF MATERIALS TO LANDFILLS

Funds are authorized each year for the disposal of trench excavation spoils consisting primarily of rock, soil, asphalt, and concrete generated by District field crews. The District's current agreements with Newby Island Landfill in Milpitas and Landfill Management, Inc. in Hayward will expire the end of June 2011. Instead of seeking sealed bids for disposal of materials to landfill, staff is proposing to enter into one-year agreements with these two vendors for FY 2011/12. These two sites are the most economical landfill locations when cost, location, and availability are considered. Board approval is needed to waive the District's Procurement Policy No. 1. There are adequate funds in the FY 2011/12 budget for these expenditures.

These two firms represent the only practical disposal sites available for the District to use in our geographic area. The factors considered in determining which landfill to utilize included: 1) the cost of disposal (price per ton); 2) transportation costs; 3) restrictions on the types of materials that are accepted; and 4) site availability during adverse weather conditions. The analysis showed that both sites need to be utilized. However, because of the price of disposal at Landfill Management, Inc. is less than the price at Newby Island Landfill (\$9.71 per ton vs. \$25.60); the District will attempt to maximize the use of the Landfill Management, Inc. site. Additionally, purchase orders for both disposal sites are needed because, 1) the haul time to Landfill Management, Inc. is considerably longer than to Newby Island Landfill, especially when traveling from work sites located at the southern end of the District's service area; and 2) the Landfill Management Inc. site is not as reliable because of limitations on the type of materials that it will accept, its history of equipment malfunctions and other operational delays, and it is closed during inclement weather. The total estimated cost of disposal at the two sites for FY 2011/12 is \$131,000.

A motion was made by Director Weed, seconded by Director Sethy to: 1) waive Procurement Policy No. 1 requiring sealed bids for routine services; and 2) authorize purchase orders to Newby Island Landfill, and Landfill Management Inc. for FY 2011/12 disposal services for estimated amounts of \$82,000 and \$51,000 respectively.

The motion was passed by the following vote:

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

6.5 AUTHORIZATION OF PURCHASE ORDER TO FURNISH AND DELIVER ¾" TO 2" WATER METERS

Mr. Pristia reported that the District's contract with Elster AMCO Water, Inc. (Elster), to provide ¾" to 2" sized lead-free brass water meters will expire on June 30, 2011. The District sent out requests for bids to supply ¾" to 2" sized lead-free water meters as a single bid item based on the anticipated meter needs for the upcoming year. The bid also allows for yearly extensions up to a total of three 12-month extensions providing that pricing and servicing are satisfactory to both parties. Elster AMCO Water, Inc. was the successful lowest bidder. Adequate funds have been allocated to cover this expense in the FY 2011/12 budget.

Water meters are needed for the replacement of existing meters at the end of their useful life or for cause. This year, the water meter bid included the option of a small number of encoded registers that can be used as part of an Automated Meter Reading (AMR) technology pilot study that may occur during the life of this contract. The District received three responsive bids and Elster AMCO Water, Inc. was the successful lowest bidder. Elster is currently supplying the District the ¾” to 2” lead-free water meters and they have been found satisfactory in terms of quality, delivery, and compliance with the fabrication requirements.

Discussion ensued and staff answered questions from the Board.

A motion was made by Director Weed, seconded by Director Koller to authorize a purchase order to Elster AMCO Water, Inc. for the purchase and delivery of regular and encoded-equipped ¾” to 2” lead-free brass water meters at the prices quoted for FY 2011/12 at an estimated cost of \$313,775.26.

The motion was passed by the following vote:

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

6.6* AUTHORIZATION OF PURCHASE ORDER FOR DISTRICT SECURITY GUARD SERVICES

The District has an existing contract with Overton Security Services to provide after-hours security patrols at headquarters, critical distribution system facilities, and the Alameda Creek recharge facilities that will expire on June 30, 2011. The District solicited proposals from twelve Bay Area security guard services contractors and received seven responsive proposals. Command Security Corporation (CSC) was the highest ranked proposer based on equivalent criteria set forth in the specifications. The District will have the option of extending this security services contract annually for three additional 12-month terms if conditions and service are satisfactory. There are sufficient funds in the FY 2011/12 budget for this expenditure.

The security services to be provided by Command Security Corporation include nightly and weekend site patrols of District treatment, production, and distribution system facilities (18 locations), headquarters property and building patrols, vehicle lockups, and response to alarm call-outs. The security service also provides for special guard services as requested by the District. In evaluating the proposed annual contract amount of \$119,937, the District will realize an approximate 11% decrease in annual costs compared to the existing FY 2010/11 security guard services contract. Command Security Corporation previously operated under the name Strategic Security and as recently as FY 2006/07, provided reliable security guard patrol services to the District.

A motion was made by Director Weed, seconded by Director Sethy to authorize a purchase order for security services to be provided by Command Security Corporation for an amount not to exceed \$119,937 for FY 2011/12.

The motion was passed by the following vote:

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

6.7* AUTHORIZATION OF PURCHASE ORDERS FOR RENTAL OF VACUUM EXCAVATORS

The District has an existing contract with Owen Equipment Sales to provide a rental vacuum excavator for evaluation by Distribution Maintenance Division (DMD) staff that expires June 17, 2011. The vacuum excavation technology offers a faster, safer and more environmentally-friendly method of excavation. Preliminary results have been promising; however, further evaluation is needed to determine the appropriate vacuum unit needed, usage of the unit during the heavy construction and leak-repair period (June through October), and to evaluate if the unit decreases the number of backhoes and dump trucks needed. This information will then be used in a cost benefit analysis to determine if the unit should be purchased, leased, or rented as needed. The rental cost for the equipment in FY 2011/12 is not to exceed \$120,000. Adequate funds have been allocated to cover this expense in the FY 2011/12 budget.

DMD implemented the self-contained vacuum excavation evaluation plan in FY 2010/11 that included initial evaluation using vendor operated units, and then bare rental of vacuum excavation units operated by DMD staff. To date, two separate units have been evaluated. The currently rented excavator is through Owens Equipment Sales and is a Vactor HHX unit at a monthly cost of \$10,550. It has worked well and the plan is to continue to utilize it. Additionally, DMD is attempting to rent or demo other vacuum excavators for comparison purposes. The advantages of the units is the ability to dig around other utilities without damaging them which makes it safer for our staff; the ability to excavate and identify underground piping without having to shore and enter the excavation; the ability to effectively remove silt-laden discharge water to minimize silt in our waterways and meet discharge permit requirements; and various applications at the treatment plants that in the past were done by contract. The evaluation will also explore financing options and will be completed prior to July of 2012. The evaluation plan was reviewed by the Operations and Water Quality Committee on May 4, 2011.

A motion was made by Director Weed, seconded by Director Sethy to authorize various purchase orders for rental of self-contained vacuum excavator units not to exceed \$120,000 for FY 2011/12.

The motion was passed by the following vote:

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

6.8* RESOLUTION APPROVING AND AUTHORIZING THE DESIGNATION OF CERTAIN PRODUCTS BY SPECIFIED BRAND OR TRADE NAME

Annually, District staff prepares a list of standardized components for public works projects planned for the up-coming fiscal year. The specifying of standardized components allows the opportunity for substantial cost savings in reduced spare parts inventory and staff training on the operation and repair of equipment.

Public Contract Code Section 3400 allows a specific make or model of material or equipment that is publicly bid or specified in a public works contract provided specific requirements are met. Attached is a staff recommended list of instruments and control devices that District staff desires to standardize.

Public Contract Code Section 3400 allows the District to procure equipment by designating the specific make or model by making a finding that is included in the invitation for bids for the particular material or piece of equipment for any of the following purposes:

1. To test a product to determine its suitability for future use.
2. To match other products in use (i.e. standardize) on a public improvement either completed or proposed.
3. To obtain a necessary item that is only available from one source.
4. To respond to an emergency declared by the local agency.

For FY 2011/12, there are several capital projects that include instrument and control equipment that District staff desires to standardize and are listed. These projects include, for example, the PLC hardware upgrades, Kaiser Pond Fish Screens and Blending Facility upgrades. Additionally, this list is also used for maintenance-generated equipment replacements. The list includes the instrument and control devices, the manufacturer, makes and/or models, and the justification for standardizing (e.g. matches other products or test for future use). The changes made to last year's list are shown in bold italics. All of the materials and equipment listed have been previously evaluated as best meeting the District's needs based on equipment performance (i.e. accuracy, repeatability), reliability, purchase and maintenance costs, parts and service availability, and function applicability.

A motion was made by Director Weed, seconded by Director Sethy to adopt a resolution finding that the identified mechanical, electrical, instrument and control equipment will be designated by specific manufacturer or make/model for public works projects advertised during FY 2011/12.

RESOLUTION NO. 11-034

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
APPROVING AND AUTHORIZING THE DESIGNATION OF CERTAIN
PRODUCTS BY SPECIFIED BRAND OR TRADE NAME

The motion was passed by the following vote:

AYES: Directors Weed, Koller, Sethy, and Huang
NOES: None

ABSENT: Director Gunther

6.9* AUTHORIZATION OF PURCHASE ORDERS FOR WATER TREATMENT CHEMICALS

The District's current agreements for two water treatment chemicals will expire at the end of June 2011. The District received and opened bids on May 12, 2011 for two chemicals (sodium hypochlorite and cationic polymer). There is adequate funding in the FY 2011/12 budget to cover the costs of these water treatment chemicals.

Staff evaluated the two existing agreements for water chemicals sodium hypochlorite and cationic polymer to either renew or re-bid and based on the market environment at this time decided it was the District's benefit to re-bid. District staff had requested bids for both 12-month and 18-month periods in order to attempt to bring these two chemicals into a calendar year cycle, similar to all other water treatment chemicals. However, upon review of the bid quotes and due to the slow economy, staff recommends proceeding with 12-month contracts for both chemicals.

The District received and opened seven bids for sodium hypochlorite and cationic polymer. All bids were checked arithmetically and for compliance with the bidding requirements. The proposal from Sterling Water Technologies, the lowest bidder for cationic polymer, had no irregularities. The proposal from Olin Corporation, the lowest bidder for sodium hypochlorite, included a few clarifications to the quotation schedule and specifications. Staff determined that the clarifications to the specifications are acceptable, but the clarification to the quotation schedule is not. The proposed clarification to the quotation schedule that will not be accepted by the District may be considered a minor irregularity to the bid and may be waived.

Item No.	Supplier	Chemical	Estimated Quantity	Unit Price	Previous Unit Price
1.	Olin Corporation	Sodium Hypochlorite	1928 tons	\$128.70	\$127.32
2.	Sterling Water Technologies, LLC	Cationic Polymer	57 tons	\$1,736.00	\$1,480.00

A motion was made by Director Weed, seconded by Director Sethy to: 1) waive the minor irregularity in the bid submitted by Olin Corporation for sodium hypochlorite; 2) authorize the purchase order for sodium hypochlorite to Olin Corporation for an estimated cost of \$248,134; 3) authorize the purchase order for cationic polymer to Sterling Water Technologies, LLC for an estimated cost of \$98,952.

The motion was passed by the following vote:

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

6.10* AUTHORIZATION OF PURCHASE ORDER FOR CONSULTING SERVICE FOR SCADA SYSTEMS DEVELOPMENT WORK

Annually, the District issues a purchase order for consulting services for the development and support of our Supervisory Control and Data Acquisition (SCADA) software and water quality databases, which is used to control four water treatment facilities and the distribution system. Technical services are needed from a consultant with experience in the District's SCADA systems and databases. The District has had a long working relationship with Steven K. Schaffer, who is intimately familiar with the District's SCADA systems and databases. Mr. Schaffer has a record of both excellent performance and value to the District. There is adequate funding in the budget for this expenditure.

SCADA Systems upgrades are included in the District's FY 2011/12 budget and have been programmed into subsequent year's budgets. These upgrades, to hardware and software, are necessary to maintain the reliability and supportability of the systems. Examples of major projects planned for this year include development of the Watershed SCADA system and data access and availability improvements. In previous similar projects, support from a resource with intimate knowledge of the District's systems and operations has been invaluable.

Mr. Schaffer has been an integral part of the development of every District SCADA system database both from a SCADA operations and a Water Quality perspective which gives him a unique ability to have a direct and immediate impact without a learning curve. Mr. Schaffer's hourly rates are considerably lower than rates from both the software publisher and a qualified consulting firm that would not have the intimate knowledge of the District's systems and environment.

A motion was made by Director Weed, seconded by Director Sethy to: 1) authorize a purchase order to Mr. Steven K. Schaffer, in an amount not to exceed \$90,475 for consulting services for SCADA system development and support; and 2) authorize the General Manager to execute a consulting services agreement.

The motion was passed by the following vote:

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

6.11 AUTHORIZATION OF PURCHASE ORDER FOR FUEL

Mr. Prisia reported that the current contract with Pinnacle Petroleum, Inc. to provide fuel for the District's fleet will expire at the end of June 2011. The original agreement was authorized by the Board in spring 2009 and contained provisions for extending the contract for two additional 12-month periods. Staff recommends extending the contract for the final year because the fuel delivery service provided to date by Pinnacle Petroleum has been satisfactory and in compliance with the contract. Adequate funds have been allocated to cover this expense in the FY 2011/12 budget.

The District's fleet consisting of cars, trucks and heavy duty mobile equipment, uses unleaded gasoline and No. 2 grade clear diesel for fuel. Additionally, No. 2 grade red dyed diesel is used for fuel for the emergency standby generators. Staff is proposing extending the agreement with Pinnacle Petroleum of Huntington Beach, California, for FY 2011/12. The unit price that the District pays for fuel consists of the average rack price for fuel posted in Oil Price Information Service (OPIS) for Petroleum Allocation District 5 (PAD5) on the day that fuel is delivered to the District plus an adjustment factor quoted by Pinnacle Petroleum. The adjustment factors quoted by Pinnacle Petroleum for FY 2011/12 were the same as the factors quoted last two years. The total estimated cost for fuel for FY 2011/12 is \$200,200 based on the unit prices quoted for the adjustment factors and an estimated amount of fuel usage. Historically, the rack price for fuel has been highly volatile with wide price fluctuations. In the future, the rack price for fuel could potentially increase sufficiently to cause the total estimated cost for fuel to be exceeded. The following table shows the adjustment factors for FY 2011/12.

	<u>Unleaded Regular Gasoline</u>	<u>No. 2 Diesel Clear</u>	<u>No. 2 Diesel Red</u>
Estimated Annual Usage	32,000 Gallons	53,000 Gallons	1,000 Gallons
Adjustment to Daily Average Rack Price per Gallon in OPIS for PQD 5	+\$0.0090	+\$0.0145	+.0158

Discussion ensued and staff answered questions from the Board.

A motion was made by Director Weed, seconded by Director Koller to authorize a purchase order to Pinnacle Petroleum, Inc. for unleaded regular gasoline, and No. 2 diesel fuel for FY 2011/12 at the unit prices quoted for the adjustment factors for fuel.

The motion was passed by the following vote:

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

6.12 RESOLUTION ESTABLISHING FISCAL YEAR APPROPRIATIONS LIMIT

Ms. Burgett reported that in 1979 Article XIII B was added to the State Constitution. The article requires the District to adopt an annual appropriations limit for determining the maximum amount of appropriations less allowable exclusions that can be made from tax proceeds each year. The article also provides for an annual adjustment of the Appropriations Limit.

Each year the Board must decide, by recorded vote, to choose the greater of growth in California per capita income or the increase in non-residential assessed valuation from new construction within the District for the inflation factor, and the greater of growth in population within the County or the District for the population factor.

For FY 2011/12 the greater inflation factor is the increase in non-residential assessed valuation due to new construction in the District (18.40%). The greater factor for population is the weighted average percentage change in the Tri-Cities (0.81%).

After applying these factors and allowing for adjustments, the District's Appropriations Limit for FY 2011/12 is computed at \$65,334,192 which is a 15% decrease from the previous year. It is anticipated that the balance of the District's tax proceeds that are subject to the appropriations limit will be far below this limit and thus as usual have no effect on the District's revenues.

As required by law, the calculation of the proposed new limit was publicly posted 15 days prior to the Board meeting.

Discussion ensued and staff answered questions from the Board.

A motion was made by Director Sethy, seconded by Director Koller to: 1) adopt the use of the weighted average percent change in the population of the Tri-Cities as the inflation factor, and the change in the non-residential assessed valuation due to new construction in the District for determining the FY 2011/12 Appropriations Limit; and 2) adopt a resolution establishing the Appropriations Limit for FY 2011/12 at \$65,334,192.

RESOLUTION NO. 11-035

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ESTABLISHING APPROPRIATIONS LIMIT FOR FY 2011/12

The motion was passed by the following vote:

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

6.13* AUTHORIZATION OF PURCHASE ORDERS FOR TEMPORARY SERVICES FY 2011/12

The District has need for temporary technical, clerical, and labor assistance to cover vacation relief, long-term illness and industrial injuries, temporary vacancies, special projects, and seasonal laborers of limited duration. To address these needs, staff proposes to establish purchase orders with AppleOne, ESS Staffing, Johnson Services, Silicon Valley Professional Staffing, Staffmark, and R & D Technical Services.

In order to ensure competitive rates, quick turnaround, and high-quality, screened applicants, Requests for Proposals were issued to 41 temporary staffing agencies, with 17 proposals received. Evaluation criteria included: 1) mark-up and billing rate, 2) record of previous District and local public agency experience, 3) cost for background security checks, and 4) payrolling rate (the rate the agency charges the District for putting a District-selected rather than an agency-referred person on the agency payroll). The six top-ranked agencies recommended for the temporary agency pool are: AppleOne, ESS Staffing, Johnson Services, Silicon Valley Professional Staffing, Staffmark, and R & D Technical Services. When temporary needs arise, the District will contact the agencies in the pool and make a selection from whichever agency is able to provide the best candidate in the quickest time.

In FY 2010/11, the District's use of temporary agency personnel was approximately \$200,000.

A motion was made by Director Weed, seconded by Director Sethy to: 1) authorize purchase orders with the six agencies as noted above to create a pool that will be given first opportunity to fill temporary job orders for the District's technical, clerical, and labor temporary needs for FY 2011/12, and 2) authorize the option to extend the purchase orders on a year-to-year basis, up to two renewals, if services are satisfactory.

The motion was passed by the following vote:

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

6.14* AUTHORIZATION OF FUNDING TRANSFER FOR POLYBUTYLENE EMERGENCY AND PLANNED REPLACEMENTS, AND METER REPLACEMENT PROGRAM

Funding for the District's Polybutylene (PB) Emergency and Planned Replacements, and Meter Replacement Program has historically been included in the District's operating expense budget. After further review, it is more appropriate according to Generally Accepted Accounting Principles (GAAP) that these expenses should be re-characterized as capital. These are total replacements of assets that cost substantially more than \$5,000, the District's capital threshold, either individually or in the aggregate.

The District has historically treated its Emergency and Planned Replacement Program, and Meter Replacement Program as operating expenses. Upon further review by District staff it has been determined that treating these costs as capital is the appropriate characterization in accordance with Generally Accepted Accounting Principles (GAAP). The total cost of these activities either individually or in the aggregate, greatly exceeds the minimum thresholds for capitalization.

A motion was made by Director Weed, seconded by Director Sethy to authorize the transfer of 1) \$2,185,000 for PB emergency replacements and \$421,200 for PB planned replacements from expense account #8424 to CIP No. M-D01.01 and to CIP No. M-D01.02, respectively, and authorize a transfer of 2) \$1,050,000 for 5/8" meter replacements, \$313,600 for 1"-2" meter replacements and \$351,000 for 3" and larger meter replacements from expense account #8425 to CIP No. M-D01.03.

The motion was passed by the following vote:

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

6.15* AUTHORIZATION OF FUNDING TRANSFER FOR THE CAYENTA CUSTOMER INFORMATION SYSTEM

Total capital funding of \$1,493,900 was authorized for the District implementation of the Cayenta Customer Information System (CIS). After evaluating the services involved with the

software implementation, some expenditures will not be capitalized as per Government Accounting Standards Board (GASB) Statement 51, such as pre-software selection expenditures, post implementation costs and end user training. A new expense job was established to account for these costs and Board authorization is now needed to transfer the \$220,000 from the capital budget to the new expense Job 6488 for FY 2010/11. The transfer of funds does not affect the total budgeted cost of this project. In addition four temporary employees were hired to perform the regular duties of District employees that are dedicated to working on the CIS implementation. A reserve appropriation of \$125,000 is needed to fund the temporary staffing needs. There is sufficient funding in the budget for this expenditure.

The requirements of GASB Statement 51, Accounting and Financial Reporting for Intangible Assets, are effective for financial statements for periods beginning after June 15, 2009. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets and software projects to reduce inconsistencies in recognition and measurement of assets, thereby enhancing the comparability of the accounting and financial reporting of these assets. GASB Statement 51 identifies the types of services or costs that should not be recognized as a capital asset. The District has established an expense Job 6488 to recognize certain software project costs as expenses to be in compliance with GASB. The portion of expense costs for FY 2010/11 is \$220,000. Temporary staff to cover for District employees working on the CIS implementation was not budgeted for within either the operating or capital budget for FY 2010/11. However there is adequate funding within the overall budget to cover this cost.

A motion was made by Director Weed, seconded by Director Sethy to: 1) authorize the transfer of \$220,000 from CIP No. 10A11 to the CIS expense Job 6488 and; 2) authorize a reserve appropriation of \$125,000 to cover temporary staffing.

The motion was passed by the following vote:

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

6.16* AUTHORIZATION OF CHANGE ORDER NO. 1 FOR THE PERALTA-TYSON SITE UPGRADES PROJECT

The Board previously awarded the construction of the Peralta-Tyson Site Upgrades Project to Blocka Construction, Inc. (Blocka). Change Order No. 1 has been prepared for additional demolition and electrical work. There is adequate funding in the budget for this expenditure.

On January 13, 2011, the Board awarded the construction contract for the Peralta-Tyson Site Upgrades Project to Blocka in the amount of \$358,750. Construction is approximately 45% complete.

Change Order No. 1, in the amount of \$11,859.97, has been prepared for the following work items requested by the District: 1) remove approximately 11 cubic yards of buried concrete that was discovered during the excavation for the pump slab at Peralta-Tyson Well No. 7 (\$4,576.32); 2) replace approximately 20 linear feet of 3-inch diameter electrical conduit and 180 linear feet of electric conductors that were damaged during excavation because they were not

shown on the record drawings (\$4,283.65); and 3) install a 4-foot x 3-foot electrical utility box (\$3,000.00). Staff has reviewed the costs associated with the additional work and has determined they are fair and reasonable for the work performed.

A motion was made by Director Weed, seconded by Director Sethy to approve Change Order No. 1 in the amount of \$11,859.97 to Blocka Construction, Inc. for the Peralta-Tyson Site Upgrades Project, Job 6464.

The motion was passed by the following vote:

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

6.17* RESOLUTION AWARDING CONTRACT FOR THE 7 HILLS BOOSTER PUMP NO. 3 INSTALLATION PROJECT

An additional pump at the Seven Hills Booster Station is required to meet the summer day and the maximum day demand criteria as outlined in the 2011-2020 Engineering Report. The low bid contained minor irregularities that may be waived by the District. There is sufficient funding in the budget for this expenditure.

The scope of the Seven Hills Booster Pump No. 3 Installation Project consists of the installation of a vertical turbine pump assembly including piping and appurtenances, and modifications to the existing electrical equipment.

Two (2) bids, in the amounts of \$123,200 and \$150,300, were received and opened on May 3, 2011. Both bids were checked arithmetically and for compliance with the bidding requirements. There were no arithmetic errors; however, each of the bids contained some irregularities that were inconsistent with the proposal requirements. The Engineer's Estimate was \$104,200.

The low bidder, D.W. Nicholson Corporation (D.W. Nicholson) of Hayward, California submitted a proposal in the amount of \$123,200. This firm has been in the contracting business under its present name for 71 years doing work similar to that required. References were checked and it was confirmed that the contractor has the necessary qualifications and experience to perform the work.

D.W. Nicholson's proposal contained the following irregularities: 1) the document showing that the President had authority to sign the non-collusion affidavit was not attached; 2) the preliminary construction schedule form was not filled in; 3) the license detail from the State Contractor's License Board website was not provided; and 4) the statement of experience forms were not properly completed. The bidder subsequently provided the missing documents and information. District Counsel has advised that under these specific circumstances the irregularities may be waived.

A motion was made by Director Weed, seconded by Director Sethy to: 1) waive the requirement for strict conformity with the specification for the irregularities contained in the low bid; and 2)

adopt a resolution to award the contract for the Seven Hills Booster Pump No. 3 Installation Project to D.W. Nicholson Corporation, in the amount of \$123,200, which is the total of the unit price and lump sum payment items, Job 6476.

RESOLUTION NO. 11-036

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO D.W.
NICHOLSON CORPORATION, FOR JOB NO. 6476

The motion was passed by the following vote:

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

6.18 AUTHORIZATION OF A PURCHASE ORDER TO FIONA HUTTON &
ASSOCIATES FOR THE DEVELOPMENT OF A COMMUNICATION STRATEGY

Mr. Cartwright reported that the purpose of the Communication Strategy is to expand the District's existing outreach efforts, with the broader goal of informing ratepayers, elected officials, community opinion leaders, decision-makers, and other stakeholders regarding the services provided by ACWD, and the need to respond proactively to future challenges. The implementation of the Communication Strategy will be the responsibility of the District staff. However, consulting services are required for the development of the Communication Strategy. There are adequate funds in the budget for this expenditure.

Key issues facing ACWD that need to be addressed by the Communication Strategy include: 1) the potential implementation of a new rate structure; 2) new environmental regulations and their impacts on the District; 3) water conservation requirements under SBX7-7; 4) Delta sustainability issues; 5) new infrastructure requirements and associated costs; 6) the impacts of reduced demands on revenues and water rates; and 7) public perception regarding a variety of issues facing the District and California water industry.

Three qualified consultants were invited to submit proposals for the development of the Communication Strategy, and three proposals were received. Based on a comprehensive evaluation of the proposals, Fiona Hutton & Associates was the firm determined to have the qualifications, staff, and proposed approach that best meets the District's needs. Fiona Hutton & Associates estimated cost based on a time and expense basis for the work is \$109,468.75. Staff has reviewed the costs and has determined that they are fair and reasonable.

Director Sethy informed staff that after some background research, he was pleased with the selection of Fiona Hutton & Associates for the development of a District communication strategy.

Further discussion ensued and staff answered questions from the Board.

A motion was made by Director Sethy, seconded by Director Koller to: 1) authorize a purchase order to Fiona Hutton & Associates for consulting services in an amount not to exceed \$109,468.75; and 2) authorize the General Manager to execute a services agreement with Fiona Hutton & Associates for this work.

The motion was passed by the following vote:

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

6.19 PUBLIC HEARING TO CONSIDER THE 2010-2015 URBAN WATER MANAGEMENT PLAN AND SBX7-7 COMPLIANCE METHOD; CONSIDERATION OF RESOLUTION ADOPTING 2010-2015 URBAN WATER MANAGEMENT PLAN AND SBX7-7 COMPLIANCE METHOD

Mr. Wadlow informed the Board that California’s Urban Water Management Planning Act, Water Code sections 10610 et seq., requires all urban suppliers that supply more than 3,000 acre-feet of water annually, or have more than 3,000 customers, to prepare and adopt an urban water management plan. These plans are to be updated every five years. The Water Conservation Bill of 2009, California Water Code section 10608 et seq. (SBX7-7), requires all urban suppliers to prepare and adopt a method for determining its urban water use target.

ACWD’s last Urban Water Management Plan (UWMP or Plan) was adopted by the Board in April 27, 2006. Staff has prepared and distributed a draft 2010-2015 Urban Water Management Plan in accordance with the Urban Water Management Planning Act. The UWMP includes the analysis and selected method for complying with SBX7-7. At the meeting of April 12, 2011, the Board received a report on the draft Plan including ACWD’s selected method for complying with SBX7-7.

On April 13, 2011 the District posted on its website a Notice of Public Hearing for “Urban Water Management Plan Update and SBX7-7 Compliance and Availability of Draft Plan for Public Review” stating that the Board will hold a Public Hearing on June 9, 2011 to receive and consider comments on the Draft Plan. In addition, at this public hearing, the District also will allow the community input regarding ACWD’s implementation plan for complying with SBX7-7, the economic impacts of doing so, and ACWD’s recommended use of Method 4 in the determination of our urban water use target.

Mr. Niesar informed the Board that staff distributed the Draft Plan to the Cities of Newark, Union City and Fremont, as well as Union Sanitary District, Alameda County, San Francisco Public Utilities Commission, Bay Area Water Supply and Conservation Agency and the California Department of Water Resources. Copies of the draft Plan were also provided to the local libraries and District headquarters for public review and directly to several other parties upon request. The draft Plan was also posted on the District’s website. Mr. Niesar announced there were no comments received from the public as of June 9, 2011.

President Huang opened the public hearing at 6:45 P.M. There were no written or verbal comments from the public. President Huang closed the public hearing at 6:46 P.M.

Discussion ensued and staff answered questions from the Board.

A motion was made by Director Koller, seconded by Director Weed to: 1) Conduct a Public Hearing to receive and hear comments on the draft 2010-2015 Urban Water Management Plan and SBX7-7 Compliance method; and 2) by resolution adopt the 2010-2015 Urban Water Management Plan and Method 4 for determining ACWD's urban water use target for compliance with SBX7-7.

RESOLUTION NO. 11-037

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING THE 2010-2015 URBAN WATER MANAGEMENT PLAN
AND THE SBX7-7 COMPLIANCE METHOD

The motion was passed by the following vote:

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

6.20 RESOLUTION AWARDING CONTRACT FOR THE 20-INCH PIPELINE
RELOCATION FOR WARREN AVENUE GRADE SEPARATION PROJECT

Mr. Shaver informed the Board that the City of Fremont (City) and the Santa Clara Valley Transit Authority (VTA) are partnering to complete the Warren Avenue Grade Separation Project, which will vertically separate the vehicular traffic on Warren Avenue beneath the Union Pacific Railroad and future BART tracks. The District is required to relocate a 20-inch water main to accommodate the grade separation project. The District will be reimbursed for approximately 16% of the project design and construction costs in accordance with the First Amended and Restated Agreement Regarding Redevelopment-Related Water Facility Costs between the District and the Fremont Redevelopment Agency. The low bid contained minor irregularities that may be waived by the District. There is sufficient funding in the budget for this expenditure.

The Warren Avenue Grade Separation Project consists of the installation of approximately 1,467 linear feet of 20-inch diameter welded steel pipe and 215 linear feet of 12-inch diameter welded steel pipe, valves, and appurtenances. The work also includes a bore and jack of approximately 333 linear feet of 30-inch diameter steel casing pipe under the Union Pacific Railroad (UPRR) and future BART tracks.

On May 11, 2011, the District received and opened seven (7) bids. All bids were checked arithmetically and for compliance with the bidding requirements. All bids contained irregularities that were inconsistent with the proposal requirements, such as missing information and arithmetic errors. Correction of the arithmetic errors did not change positions in the overall bidding order. The bids ranged from \$1,027,181 to \$1,377,555. The Engineer's Estimate was \$1,125,340.

Tidelands Construction Company (Tidelands) of Brentwood, California, submitted the lowest bid. This firm has been in the contracting business under its present name and doing work similar

to that required for 14 years. References were checked and it was confirmed that Tidelands has the necessary qualifications and experience to perform the work. Tidelands satisfactorily completed several District projects including the Niles-Decoto Pipeline, Phase 2 in 2002 and the PT/Mowry Wellfield Discharge Manifold Modifications Project in 2003.

Tidelands' proposal contained three minor irregularities: 1) the document showing that the vice president had authority to sign the non-collusion affidavit was not attached; 2) one of the two projects listed as qualifying experience for proposed key project staff was completed within the last six years instead of the last five years; and 3) the supplemental experience information for the proposed boring and jacking subcontractor's superintendant that was requested was not included. Tidelands subsequently provided the missing documents and information that the key project staff completed a second project within the five year timeframe. District counsel has advised that these may be considered as minor irregularities which may be waived.

A motion was made by Director Koller, seconded by Director Sethy to: 1) waive the requirement for strict conformity with the specifications for three minor irregularities contained in the low bid; and 2) adopt a resolution to award the contract for the 20-Inch Pipeline Relocation for the Warren Avenue Grade Separation Project to Tidelands Construction Company in an amount of \$1,027,181, which is the total of unit price and lump sum payment items, Job 6383.

RESOLUTION NO. 11-038

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO
TIDELANDS CONSTRUCTION COMPANY, FOR JOB NO. 6383

The motion was passed by the following vote:

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

7 – REPORTS

7.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of May 4, 2011: 1) 2010 Consumer Confidence Report; 2) Vacuum Excavation Equipment
- Water Resources Planning Meeting of May 18, 2011: 1) Alameda Creek Fisheries Update; 2) Urban Water Management Plan Update
- Legal & Legislative Meeting of May 18, 2011: 1) Review of State Legislation; 2) Review of Legal Services; 3) SB 263 – Pavley, Wells: Reports: Public Availability
- Administrative & Finance Meeting of May 24, 2011: 1) Annual Audit Schedule; 2) Budget Process and Schedule; 3) Consultants – OPEB Actuarial and Investment Advisor
- Engineering & Capital Projects Meeting of May 26, 2011: 1) Appian Tank Seismic

Upgrade Project; 2) Avalon Heights Landslide

7.2 OPERATIONAL REPORTS

- Investment Report
- Quarterly Personnel Report
- Quarterly Budget & Expense Report
- Water Production Report
- Rainfall Report

7.3 STAFF REPORTS

- Mr. Niesar and consultant Sanjay Gaur with Raftelis Financial Consultants (RFC) presented the Water Efficiency Rate Structure (Study) Report to the Board. After previous discussion with the Board and direction from District staff, RFC developed two rate structure models, a two-tier and three-tier structure. Mr. Gaur explained the differences between the two structures. District staff recommendation is to implement a simple three-tier structure for single-family residences. This recommended rate structure was selected primarily due to the high level of fairness to efficient customers. Other factors for the recommendation include ease of maintenance, implementation and administration. Moving forward, the Board will work closely with staff to discuss implementation of the various phases of the rate structure study including working with a consultant on a plan for public outreach.

Mr. Bush, a resident of Fremont voiced his concerns regarding the recommended rate structure.

Further discussion ensued and Mr. Gaur and Mr. Niesar answered questions from the Board.

7.4 GENERAL MANAGER'S REPORTS

- Mr. Cartwright distributed a press release from the Alameda Creek Alliance regarding a temporary restraining order halting Caltrans highway widening in Niles Canyon.
- Mr. Wadlow acknowledged an award won by Director Huang from the US EPA Office of Solid Waste and Emergency Response. The National Notable Achievement Award for the National Superfund – Federal Facility Remedial Project Manager of the Year was awarded to Director Huang for achievements at federal facilities and clean-up sites.

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

- Director Weed reported on ACWA Conference in Sacramento, CA.
- Director Weed requested that an item be agendized for the July Board Meeting regarding the number of days per month that the Board may be compensated for and the amount of daily compensation.

- Director Sethy informed the Board of his attendance at presentations given at local elementary schools with Senior Public Information Officer, Frank Jahn.
- Director Sethy reported on his attendance to an East Bay Municipal Utilities District presentation given by Board Member Frank Mellon regarding the utility's various projects.
- Director Koller requested that a discussion of Board procedures for appointing a Board member to represent the Board be agendaized for a future meeting. However, after further conversation he asked that the item be agendaized for the next Legal & Legislative Committee Meeting.

9 – CLOSED SESSION

President Huang adjourned the meeting to a closed session at 8:54 P.M. for a conference on the following items:

- 9.1 Conference with Labor Negotiator Pursuant to Section 54957.6 of the Government Code
- Agency Negotiators: Walt Wadlow and Altarine Vernon
 - Employee Organization: Management/Confidential/Professional Employees Benefits (Unrepresented Group)

The meeting reconvened at 9:40 P.M. President Huang reported that the Board provided direction to its negotiators relative to the item.

10 – POSSIBLE ACTION TO AMEND FY 2011/12 MANAGEMENT/CONFIDENTIAL/PROFESSIONAL EMPLOYEES COMPENSATION SCHEDULE

Ms. Vernon recommended the Board take action to approve the Management/Confidential/Professional Compensation Schedule for FY 2011/12 that would include the same salary increase effective June 27, 2011 as contained in the Operating Engineers Local Union 3 Memorandum of Understanding.

A motion was made by Director Koller, seconded by Director Sethy to approve the Management/Confidential/Professional Compensation Schedule for FY 2011/12.

The motion was passed by the following vote:

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

Minutes – June 9, 2011

There being no further business to come before the Board, President Huang adjourned the meeting at 9:41 P.M.

Andrew Warren, Assistant District Secretary

Attest:

Judy C. Huang, President