

August 11, 2011  
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on August 11, 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, Koller, Sethy, and Huang

Staff members present: General Manager Walt Wadlow, Assistant General Manager-Engineering Robert Shaver, Manager of Finance Shelley Burgett, Manager of Operations Steve Peterson, Manager of Administrative Services Altarine Vernon, Attorney Patrick Miyaki, and District Secretary Gina Markou.

President Judy Huang presided.

Director Weed led in the Salute to the Flag.

3 – PUBLIC COMMENTS – None

4 – CONSENT CALENDAR

A motion was made by Director Weed to add Items 5.1; 5.2 and Items 5.4 through 5.7 to the Consent Calendar, seconded by Director Sethy.

The motion was passed by the following vote:

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

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

- 4.1 Approval of Minutes - Regular Meeting of July 14, 2011
- 4.2 Ratification of Payment of Audited Demands dated July 1, July 8, July 15, July 22, and July 29, 2011
- 5.1 Authorization of Purchase Order Amendment for Commercial Laboratory Services
- 5.2 Resolution Awarding Contract for Electrical Testing Services
- 5.4 Authorization of Purchase Orders for District Vehicles and Utility Bodies
- 5.5 Authorization of Purchase Order for Computerized Maintenance Management System (CMMS) Requirements Discovery Consulting Services
- 5.6 Authorization of Purchase Order Amendment for Engineering Services for Pipeline Relocations

5.7 Authorization of Purchase Order Amendment for Engineering Services for the Lower Alameda Creek Fish Passage Projects

The motion was passed by the following vote:

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

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

5.1\* AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR COMMERCIAL LABORATORY SERVICES

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An annual purchase order with MWH Laboratories for commercial laboratory services requires an increase of \$4,000 to cover laboratory services requested by the District at the end of FY 2010/11. The new total amount for the purchase order will be \$137,255. There is adequate funding in the water quality laboratory budget to cover this increase.

Commercial laboratory support is necessary to sustain District operational and regulatory compliance monitoring programs. The District retains the services of a commercial laboratory for analyses for which either the District's in-house water quality laboratory is not certified, or it is not cost effective to perform the analyses in-house. The primary reason for the purchase order amendment is for additional laboratory services needed for the National Pollutant Discharge Elimination System permit for the Aquifer Reclamation Program wells.

A motion was made by Director Gunther, seconded by Director Koller to authorize a purchase order amendment in the amount of \$4,000 for commercial laboratory services to MWH Laboratories.

The motion was passed by the following vote:

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

5.2\* RESOLUTION AWARDED CONTRACT FOR ELECTRICAL TESTING SERVICES

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Yearly testing of electrical distribution equipment rated 480 Volts and above is part of the District's asset management program. Requests for proposals were sent to four electrical testing contractors for the testing work planned for FY 2011/12. The District received and opened two bids on July 11, 2011 and Power Systems Testing Company of Livermore, California, submitted the lowest responsive bid. Adequate funds have been allocated to cover this expense in the FY 2011/12 budget.

In addition to being a part of the District's asset management program, electrical testing is required to meet the Occupational Safety and Health Administration (OSHA) and the National Fire Protection Association (NFPA) codes and standards. Periodic testing is also required to comply with PG&E's requirements for generators paralleled to its utility systems. This condition exists with the power generation facility at Water Treatment Plant No 2. Electrical and thermographic testing can detect abnormal conditions (e.g., lower resistance readings from worn insulation or overheating due to loose connections), that can result in corrective measures being taken prior to equipment failure. This testing improves the reliability of District facilities by preventing unplanned power outages. Recommendations from manufacturers, utility agreements, and industry standards typically determine the frequency of testing. For the electrical distribution equipment used by the District, the recommended testing frequency is between three and five years.

The electrical testing included in the scope of work will require both energized and the full or partial shutdown of individual production or distribution facilities. Because close coordination of testing at facilities with water production requirements will be necessary, the scheduling of the testing work needs to be flexible. Contracting the testing work on a time and material basis provides the District with the needed scheduling flexibility and is the most cost effective approach to performing the work.

The District advertised and subsequently opened two bids for electrical testing on July 11, 2011. Bids were checked arithmetically and for compliance with the bidding requirements and there were no irregularities. The bid documents specify the electrical testing work will be scheduled by the District. If all of the testing for the fiscal year is completed as planned, the estimated range for the cost of the work is between \$64,000 and \$70,000. The basis of comparison amounts shown in the bid summary represent only one theoretical week's worth of electrical testing work as defined in the bid documents.

A motion was made by Director Gunther, seconded by Director Koller to adopt a resolution accepting the proposal and awarding the contract for performing electrical testing services, on a time and materials basis, to Power Systems Testing Company for an amount not to exceed \$70,000.

RESOLUTION NO. 11-041

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
ACCEPTING PROPOSAL OF, AND AWARDING CONTRACT TO POWER  
SYSTEMS TESTING COMPANY

The motion was passed by the following vote:

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

5.3 AUTHORIZATION OF PURCHASE ORDER FOR REPAIR SERVICES OF WELLFIELD PUMPING EQUIPMENT

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Mr. Wadlow reported that the submersible pump assembly installed at the Mowry 3 well location has failed prematurely and needs to be repaired. 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 \$54,998.91 to repair (rebuild) both the pump and 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 budget for this expenditure.

In addition to obtaining a price to rebuild the pump and motor installed at Mowry 3, staff investigated the cost of purchasing a new submersible pump assembly. Because the cost of a new submersible pump assembly is approximately \$110,000 and both options would have the same one year warranty, it was decided to proceed with least cost option and rebuild the existing equipment.

Byron-Jackson submersible pumps were included in the Board approved (on June 9, 2011) list of District standardized components for public works projects planned for FY 2011/12 and for maintenance-generated equipment replacements. The District's practice has been to utilize Byron-Jackson pump and motor assemblies for submersible well installations at the Peralta-Tyson and Mowry wellfields for consistency and more cost effective maintenance. Since there is only one authorized Byron-Jackson distributor in northern California authorized to perform the repair work, District staff identified this as a sole source service and only Pump Repair Services was requested to submit a quote.

Staff responded to questions from the Board.

A motion was made by Director Sethy, seconded by Director Gunther to: 1) waive Procurement Policy No. 1 requiring sealed bids for contract services over \$50,000; and 2) authorize a purchase order to Pump Repair Services in the amount of \$54,998.91 for rebuilding the submersible pump assembly.

The motion was passed by the following vote:

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

5.4\* AUTHORIZATION OF PURCHASE ORDERS FOR DISTRICT VEHICLES AND UTILITY BODIES

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The current budget includes funding for the purchase of two utility service trucks. On June 29, 2011, the District received bids from two dealers for the purchase of two replacement Ford F-650 utility trucks (cab and chassis) and bids from two manufactures for the fabrication and installation of two utility bodies. There is sufficient funding for these items in the budget.

Requests for quotations for two Ford F-650's were sent to twelve Ford dealers and two of the dealers submitted bids. Additionally, requests for quotations for two utility service bodies were sent to ten utility body manufacturers and two of the manufacturers submitted bids. The second low bidder for the utility bodies, Norcal Parts LLC dba Lodi Truck and Equipment, failed to provide utility body dimensions that meet District requirements and is considered non-responsive. The two vehicles are replacing existing trucks that meet established District criteria for vehicle replacement (e.g., vehicle age over 10 years, mileage over 100,000 miles or high maintenance costs).

A motion was made by Director Gunther, seconded by Director Koller to: 1) authorize a purchase order to Mission Valley Ford Truck Center in an amount of \$126,709.76 for the purchase of two F-650 model trucks; and 2) authorize a purchase order to Scelzi Enterprises, Inc. in an amount of \$159,046.88 for the purchase and installation of two utility service bodies.

The motion was passed by the following vote:

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

5.5\* AUTHORIZATION OF PURCHASE ORDER FOR COMPUTERIZED  
MAINTENANCE MANAGEMENT SYSTEM (CMMS) REQUIREMENTS  
DISCOVERY CONSULTING SERVICES

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The recently completed Information Technology Master Plan (ITMP) recommendations included the need to acquire and implement a Computerized Maintenance Management System (CMMS). To help the District identify and review key business processes and other functional requirements for the acquisition and implementation, staff needs the services of a consulting firm that is familiar with business process reviews and CMMS acquisitions and implementations. The consulting firm of EMA, Inc. was selected to provide the services set forth in the Request For Proposals (RFP), sent out on May 3, 2011. Funds are available in the current budget for this project.

The District's Distribution Maintenance Division (DMD) uses primarily manual processes to manage its assets. One of the ITMP recommendations was to obtain a CMMS system that can be integrated with the District's existing GIS software, identify business process improvement opportunities, and implement additional functionality necessary to support business processes not currently supported within DMD and possibly other departments. These additional business processes include, but are not limited to, automated preventive maintenance, run-time based work-order generation, and integration with J.D. Edwards and GIS.

As the District is embarking on implementing new functionality to support critical business processes, the decision was made to formalize the District business processes and requirements before proceeding with an implementation. This approach has the advantages of:

1. Clearly articulating our processes and requirements to ensure purchasing a CMMS system to meet the District's needs within the District's budget.
2. Clearly articulating our processes and requirements to ensure accurate configuration

- and a more reliable quote from vendors for the implementation.
3. Allows management the opportunity to review and modify existing processes to improve efficiency.
  4. Improves the District's ability to determine which CMMS will meet the District's needs in terms of requirements and usability.

Based on the results of the discovery, the District can achieve consensus on its processes and requirements before proceeding with a CMMS acquisition and implementation. The work products resulting from the discovery will then be used as scope documents for the CMMS acquisition and implementation RFP necessary to meet the District's business needs.

The District issued an RFP to provide consulting services for the CMMS Requirements Discovery to six (6) firms that have experience in business process reviews and the CMMS selection process. The District received four (4) written proposals which were individually reviewed by the Information Technology (IT) Manager and Supervisor. The proposals were evaluated based on criteria that included experience in business process review and analysis, experience with business process and requirements discovery, CMMS selection, assigned staff qualifications, and understanding of the project and the District's needs as well as the proposed scope of work.

Staff interviewed two (2) firms with a selection committee comprised of the Distribution Maintenance Manager, Facilities Maintenance Manager, IT Manager, and IT Supervisor. Based on a consensus of the selection committee, EMA, Inc. was found to be the highest ranked for providing services that would meet the needs of the District. Total cost, including travel and expenses, will not exceed \$141,646.

A motion was made by Director Gunther, seconded by Director Koller to: 1) authorize a purchase order to EMA, Inc. in the amount not to exceed \$141,646 to provide consulting services for the Computerized Maintenance Management System Requirements Discovery; and 2) authorize the General Manager to enter into a services agreement with EMA, Inc. to provide the scope of services identified in the Request For Proposal.

The motion was passed by the following vote:

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

**5.6\* AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR ENGINEERING SERVICES FOR PIPELINE RELOCATIONS**

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URS Corporation (URS) is currently designing and preparing bid documents to relocate and improve the seismic performance of two District water pipelines which are in conflict with the San Francisco Public Utility Commission (SFPUC) Bay Division Pipeline (BDPL) Nos. 3 and 4 Seismic Upgrade Project. The URS design work is nearly complete. Additional engineering services are required for the preparation of a separate construction bid package for work to prepare the District pipelines for the relocation project, for bidding support services, and for

design changes requested by reviewing agencies. There is sufficient funding in the budget for this expenditure.

The SFPUC BDPL Nos. 3 and 4 Seismic Upgrade Project includes seismic modifications to the existing 78-inch BDPL No. 3 and 96-inch BDPL No. 4 at the Hayward Fault crossing located at South Mission Boulevard and I-680 in Fremont. The two District water mains impacted by the SFPUC project are a 30-inch Zone 1 steel transmission main that serves Alameda Reservoir and a 12-inch Zone 2 PVC distribution main. These District pipelines must be relocated to accommodate the SFPUC project. Because of phasing and coordination issues, the District's pipeline relocation work will be included within the construction contract for the SFPUC BDPL Nos. 3 and 4 Seismic Upgrade Project. The design and construction costs associated with the pipeline relocation work will be equally shared with SFPUC. Preparation of a cost sharing agreement with SFPUC is in progress.

On January 14, 2010, the Board authorized a purchase order to URS, in an amount not to exceed \$59,500 to conduct a feasibility study to relocate the District pipelines impacted by the SFPUC project. URS has satisfactorily completed this work. Two purchase order amendments totaling \$238,000 have been issued to date for final design services. The design scope of work includes preparation of bid documents and an engineering cost estimate to relocate and improve the seismic performance of the two District pipelines at their crossing of the primary fault rupture zone of the Hayward Fault through the Mission Boulevard/Curtner Road intersection. The design for the pipeline relocation project is 95% complete.

The SFPUC BDPL Nos. 3 and 4 Seismic Upgrade Project is currently scheduled to begin in March 2012. In order to prepare the existing District pipelines for the planned improvements, tee outlets and valves will need to be installed on them this winter, in advance of the SFPUC project, and to avoid pipeline outages during higher demand periods. This work will be completed under a separate construction contract administered by the District. Additional engineering services are required to prepare the construction and bid documents for this work. In addition, modifications to the pipeline relocation design are required in order to accommodate changes requested by Caltrans and the City of Fremont.

At the District's request, URS submitted a time and expense proposal in an amount not to exceed \$37,000 to: 1) prepare a separate bid package for installation of pipeline tee outlets and valves on the existing District pipelines; 2) provide bidding support services for this project; and 3) revise the pipeline relocation design and bid documents as requested by Caltrans and the City of Fremont. Staff has evaluated URS' proposal and found it to be fair and reasonable. These costs will be shared equally with SFPUC in accordance with the cost sharing agreement currently being developed.

A motion was made by Director Gunther, seconded by Director Koller to authorize a purchase order amendment to URS Corporation for additional engineering services in an amount not to exceed \$37,000 for the Water Main Relocations to Accommodate the San Francisco Public Utilities Commission Bay Division Pipeline Nos. 3 and 4 Seismic Upgrade Project, Job 6473.

The motion was passed by the following vote:

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

5.7\* AUTHORIZATION OF PURCHASE ORDER AMENDMENT FOR ENGINEERING SERVICES FOR THE LOWER ALAMEDA CREEK FISH PASSAGE PROJECTS

The Board previously authorized a purchase order to Winzler & Kelly Consulting Engineers (Winzler & Kelly) for preliminary design services for the Lower Alameda Creek Fish Passage Projects. Additional design services are required for development of supplementary out-migrant fish passage options and related opinion of probable costs, additional geotechnical work, and additional permit and disposal fees associated with geotechnical sampling. There is adequate funding in the budget for this expenditure.

On May 15, 2008, the Board authorized a purchase order to Winzler & Kelly in the amount of \$620,000 to provide preliminary design services for the following projects: Rubber Dam No. 3 (RD3) Fish Ladder, the diversion screens at Kaiser and Shinn Ponds, and the “BART Weir”/Rubber Dam No. 1 (RD1) Fish Ladder Complex. The scope of engineering services includes limited subsurface geotechnical work, preparation of a preliminary design report, a seismic evaluation of the RD1 foundation, development of conceptual design drawings and opinion of probable costs, project meetings, and project management. Of the originally approved \$620,000 purchase order, approximately 29% has been spent to date. However, a purchase order amendment is needed as a result of additional out of scope work required on specific tasks in Winzler & Kelley’s original agreement.

At the request of the District, Winzler & Kelly submitted a time and expense proposal in the amount of \$136,000 for: 1) preparation of four additional out-migrant fish passage options together with technical memoranda and related opinion of probable costs for the fish ladder complex to address comments from the National Marine Fisheries Service (NMFS) and Department of Fish and Game (DFG), who are the regulatory agencies responsible for issuing environmental approvals for the various projects; 2) five additional workshops and meetings with NMFS, DFG, Alameda County Flood Control & Water Conservation District (County) and the District; 3) an additional soil boring between the BART and Union Pacific Railroad bridges to address agency comments related to the impact of the fish ladder complex on each respective bridge foundation; and 4) additional permitting costs, disposal fees, and geotechnical work associated with the seismic evaluation of the RD1 foundation.

District and County staff have evaluated Winzler & Kelly’s proposal and found it to be fair and reasonable. The District will be reimbursed by the County in accordance with the terms of an existing Cost Sharing Agreement for the “BART Weir”/RD1 Fish Ladder Complex. Preliminary design costs related to the “BART Weir”/RD1 Fish Ladder Complex will be equally shared between the District and the County.

A motion was made by Director Gunther, seconded by Director Koller to authorize a purchase order amendment to Winzler & Kelly Consulting Engineers for additional preliminary design engineering services in an amount not to exceed \$136,000 for the Lower Alameda Creek Fish Passage Projects, Jobs 6348 and 6359.

The motion was passed by the following vote:

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

**5.8 PUBLIC HEARING TO CONSIDER INCREASING THE MAXIMUM DAYS OF BOARD MEMBER COMPENSABLE SERVICE**

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On July 14, 2011 the Board of Directors set the date of August 11, 2011 for a public hearing to consider Ordinance 2011-01 providing for an increase in the maximum number of days in a calendar month for which a Director may be paid from six to eight (the statutory maximum is ten days in a calendar month).

Pursuant to Division 10, Chapter 2 of the Water Code, any change in the maximum days of Board member compensable service must be adopted by ordinance following a public hearing. An ordinance has been prepared that reflects the new eight day maximum number of days for which compensation may be paid in a calendar month for service rendered by a Board member at the request of the Board. The ordinance can be adopted only after a public hearing has been called and held on the question of increasing the maximum days of Board member compensable service. As required by the Water Code, the August 11 public hearing notice was published in The Argus on July 28 and August 4, 2011. If adopted, the ordinance would become effective sixty days from the date of its adoption.

The ordinance would be published once in The Argus within the sixty day period.

A motion was made by Director Weed, seconded by Director Sethy to: 1) Conduct a Public Hearing on the question of increasing the maximum days of Board member compensable service as proposed; and 2) by motion, adopt Ordinance 2011-01 providing for an increase in the maximum number of compensable days from six to eight in a calendar month.

President Huang opened the public hearing at 6:19 P.M. and called for comments on the proposed revisions to the Ordinance. There being no public comments, President Huang closed the public hearing at 6:20 P.M.

President Huang requested the Board consider a proposed variation which would consist of a maximum of eight meetings per month; however, there would be an annual cap of 72 meetings. Discussion ensued. Director Sethy requested that the record reflect that he does not receive compensation for his service as a Board member.

ORDINANCE NO. 2011-01

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT PROVIDING FOR AN INCREASE IN THE NUMBER OF DAYS OF SERVICE IN A CALENDAR MONTH FOR WHICH DIRECTORS MAY BE COMPENSATED**

The motion was passed by the following vote:

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

#### 5.9 AUTHORIZATION OF AMENDMENT TO AGREEMENT FOR LEGAL SERVICES WITH HANSON BRIDGETT LLP

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Mr. Wadlow reported that the District's existing agreement with Hanson Bridgett provides that the hourly billing rates for attorneys will be set at a 10% discount from their standard rates, except for the six attorneys who provide general counsel services on a regular basis. Because the firm's standard rates have increased over time, the hourly billing rates for the six identified attorneys who provide general counsel services are significantly below a 10% discount from their standard rates. After discussions with the General Manager and the Legal and Legislative Committee, District Counsel has proposed an amendment to the Agreement for Legal Services to provide for blended hourly rates for partners, senior counsel, associates, and paralegals.

The District's existing Agreement for Legal Services with Hanson Bridgett was entered into in June 2010. In implementing the Agreement, the current District Counsel and General Manager realized there was a large disparity of hourly billing rates among attorneys providing legal services to the District (ranging from \$200 to \$495 per hour). In addition, the District's litigation costs over the past several years are trending upward, and the District's transactional costs, while fluctuating, remain generally consistent.

In order to better balance the District's transactional and litigation legal costs and the billing rates among attorneys providing legal services, and to help make legal costs easier to calculate and budget, District Counsel has proposed moving to a blended rate schedule for partners, senior counsel, associates, and paralegals for two types of services: 1) litigation matters, with a couple broad exceptions; and 2) all other matters. The higher blended rates for litigation matters, which accounts for the specialized expertise required for litigation, would exclude litigation when the District is participating as a member of the State Water Contractors or as a member of a class in False Claims Act litigation and when an attorney other than a Hanson Bridgett attorney is representing the larger group. For this type of litigation, the lower blended rates for all other matters would apply. All of the District's currently active litigation matters would fall within the lower blended rates category.

The blended rates proposed, which are set forth in the proposed First Amendment, are similar to what Hanson Bridgett uses with some of its other public agency clients. The blended rate proposal is not intended to be a rate decrease or increase. While rates for some individual attorneys will go up (mainly for the attorneys who provide general counsel services), others will go down (for all other attorneys). In comparing the amount that the District would have paid using the proposed blended rates with the amount the District paid under the Agreement for Legal Services for the past several years, the blended rate approach would have resulted in slightly lower total billings to ACWD.

The General Manager has reviewed the blended rates and determined they are fair and reasonable.

Discussion ensued and Mr. Miyaki responded to questions from the Board. Director Koller requested that the record reflect that the Board approves all litigation and is therefore responsible for litigation-related costs.

A motion was made by Director Gunther, seconded by Director Koller to authorize the Board President to execute the First Amendment to the Agreement for Legal Services with Hanson Bridgett LLP.

The motion was passed by the following vote:

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

#### 5.10 PROPOSED REVISIONS TO ALAMEDA COUNTY WATER DISTRICT RULES OF THE BOARD

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Mr. Wadlow reported that the District's existing Rules of the Board (Rules) were last amended in June, 2006, and are in need of updating. The General Manager and District Counsel have reviewed the Rules and are proposing revisions. The General Manager described the proposed changes and, based on Board comments, will revise the Rules as necessary for adoption at a subsequent Board meeting.

The Rules are adopted by the Board pursuant to Section 30530 of the California Water Code and are designed to facilitate the handling by the Board of its own affairs. The Board may suspend, amend, or repeal the Rules by a majority vote of the Board.

The General Manager and District Counsel are proposing several types of revisions. Some revisions are intended to better reflect the Board's current operating practices or staff's operating practices in support of the Board. Other revisions are intended to better conform the Rules to current statutory requirements or to reflect current best practices for special district boards.

The proposed substantive revisions were reviewed with the Board by the General Manager. Discussion ensued. Staff and legal counsel responded to questions and suggestions from the Board.

Director Sethy left the Boardroom at 7:24 P.M. and returned at 7:28 P.M.

#### 5.11 PROPOSED REVISIONS TO RESOLUTION 93-008 OF ALAMEDA COUNTY WATER DISTRICT DEFINING THE RESPONSIBILITIES AND AUTHORITY OF THE GENERAL MANAGER

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Mr. Wadlow reported that the District's existing Resolution 93-008 (Policy) defines the responsibilities and authority of the General Manager. This resolution is explicitly referred to in the employment contract between the Board and the General Manager. The General Manager is proposing revisions to the Policy for Board consideration. District Counsel has reviewed these proposed changes. The General Manager described the proposed changes and, based on Board comments, will revise the Policy as necessary for adoption at a subsequent Board meeting.

The Policy has several purposes. It is designed to clearly establish the General Manager's accountability to the Board for all organizational results. It is also designed to establish the operating practices which will govern the relationship between the Board and the General Manager. The Board has also used the Policy to impose constraints on the Board's interaction with District staff other than the General Manager. The Policy also assigns particular responsibilities to the General Manager in specific areas of concern to the Board.

The General Manager believes that the existing Policy would benefit from revision. Some revisions are intended to bring the Policy up to date (making it gender neutral, for example). Other revisions are intended to better reflect current operating practices between the Board and the General Manager. Still other revisions are intended to address issues that have been brought to the General Manager's attention by individual Board members. Finally, the General Manager is proposing some revisions to better reflect what he believes to be current best practices for General Managers and Boards.

The proposed substantive revisions were reviewed with the Board by the General Manager. Discussion ensued. Staff and legal counsel responded to questions and suggestions from the Board.

#### 5.12 PROPOSED REVISIONS TO BOARD POLICY ON PROCUREMENT OF MATERIALS, SUPPLIES, EQUIPMENT, ROUTINE SERVICES, PROFESSIONAL SERVICES, AND CONSTRUCTION PROJECTS

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Mr. Wadlow reported that the District's existing Board Policy on Procurement (Procurement Policy) specifies which types of procurement require Board approval and which types may be undertaken by staff, primarily based on contract cost limitations. The Procurement Policy also specifies the procedures for awarding different types of contracts. The General Manager is proposing revisions to the Procurement Policy for Board consideration. District Counsel has reviewed these proposed changes. The General Manager described the proposed changes and, based on Board comments, revise the Procurement Policy as necessary for adoption at a subsequent Board meeting.

The Procurement Policy was last updated in December of 2007. It is intended to make clear to staff and the public how the District undertakes all types of procurement. Staff is proposing changes to update the language in the policy (to make it gender neutral, for example), to increase the dollar limitation on the General Manager's authority for procurement and to add authority for the General Manager to approve change orders up to a certain dollar limit.

The General Manager is proposing increases to his authority which he believes better reflect the current cost of materials, supplies, equipment and services. The General Manager is also proposing increasing his authority to approve certain contract change orders. These increases in authority are designed to streamline the procurement process while retaining accountability to the Board for financial commitments.

The proposed substantive revisions were reviewed with the Board by the General Manager. Discussion ensued and staff responded to questions and suggestions from the Board.

## 6 – REPORTS

### 6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of July 19, 2011: 1) District Response (EOC Activation) to Repair Leak of 16” Main on Riviera Drive in Union City; 2) Response and Lessons Learned on the Ocaso Camino 12” Main Leak
- Engineering & Capital Projects Meeting of July 21, 2011: 1) Update on Various Agency Projects
- Administrative & Finance Meeting of July 26, 2011: 1) Quarterly Review of Claims; 2) Quarterly Review of Investment Portfolio; 3) Status of OPEB Actuarial and Investment Advisor Consultants
- Water Resources Planning Meeting of July 27, 2011: 1) Water Conservation Program Update; 2) Communication Strategy Development Update
- Legal & Legislative Meeting of July 28, 2011: 1) Review of Proposed State Legislation; 2) AB 358; 3) Customer Survey Update

### 6.2 OPERATIONAL REPORTS

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

### 6.3 STAFF REPORTS

- Communications Strategy Update – Mr. Cartwright welcomed Fiona Hutton, President of Fiona Hutton & Associates, and Project Director of the Communications Strategy Project and Curtis Below, Vice President of FM3, the firm that developed and conducted the customer survey.

Ms. Hutton addressed the Board and thanked them for the opportunity of working on this project. Ms. Hutton explained to the Board the selection process on how FM3 was selected to conduct the customer survey.

Mr. Below provided a presentation to the Board on the customer survey and the results of that survey. Discussion ensued and the consultants and staff responded to questions from the Board.

### 6.4 GENERAL MANAGER’S REPORTS

- Mr. Peterson informed the Board that the District and the City of Fremont’s Fire Department recently conducted a joint exercise on trench rescue at Peralta-Tyson Wellfield. The two agencies practiced the use of the emergency Incident Command

Structure (ICS) and the District's responsibilities included using the District's vacuum excavator to rescue a mannequin that was supplied by the Fremont Fire Department. Additional joint exercises in the future related to emergency preparedness and rescue are planned.

- Ms. Burgett informed the Board that the District was awarded a Certificate of Achievement for excellence in financial reporting from the Government Finance Officers' Association.
- Ms. Burgett responded to questions from Director Sethy related to current conditions in the financial markets. Ms. Burgett also provided the Board with a spreadsheet pertaining to the District's cash flow forecast based on the assumption of no rate increases.
- Mr. Wadlow informed the Board that he will not be attending the September Board Meeting and Mr. Shaver will be acting General Manager in his absence.

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

- Director Sethy attended the SFPUC turbine boring machine dedication along with Director Weed.

Director Sethy also attended the BAWSCA Policy Meeting on August 10, 2011, where he learned that a recommendation will be made at BAWSCA's next board meeting to refund \$100,000 to all member agencies.

Director Sethy stated that Mr. Art Jensen gave a report on the initiative called "Restore Hetch Hetchy" which will likely be on San Francisco's ballot next year.

Director Sethy indicated that he attended the Alameda Creek Alliance picnic and that he plans on attending the Alameda County Special Districts' Association Meeting on September 14, 2011.

- Director Koller informed the Board that he received an invitation from Assemblyman Bob Wieckowski's office to meet at the Capitol steps on Monday, August 15, 2011, at 10:00 A.M. to support AB 591, a bill in which the District has previously taken a support position on.

Director Koller explained that a new public water fountain design has been developed, which enables people to fill water bottles rather than purchase bottled water. Director Koller requested that the District add this subject as a future Board Meeting agenda item.

- Director Gunther informed the Board that he will be out of the country from August 12 until August 25, 2011, and will not be attending the Closed Sessions.
- Director Weed made reference to a recent newspaper article regarding Dumbarton Quarry.

Director Weed attended a City of Fremont Council Meeting and briefed the Board on the City's General Plan update.

Director Weed informed the Board that Hetch Hetchy will be reviewing their water rates and, if current low demands continue, the District can expect to see another raise in Hetch Hetchy water rates effective, January 1, 2012.

- Director Huang stated that she reviewed the District's letter to CalTrans, regarding Phase 2 of Niles Canyon SR-84 Safety Improvement Project, and was pleased with the District's input to the project's proponents.

Director Gunther left the meeting at 9:12 P.M.

### 8 – CLOSED SESSION

President Huang adjourned the meeting to a closed session at 9:13 P.M., for a conference on the following item:

- 8.1 Public Employee Performance Evaluation  
Pursuant to California Government Code Section 54957  
Title: General Manager

The meeting reconvened at 10:44 P.M.

### 9 – OPEN SESSION

- 9.1 Report on Action Taken in Closed Session – President Huang reported that the Board met with the General Manager in closed session regarding his performance and no action was taken.
- 9.2 Designate District Representative(s) for Labor Negotiations – Mr. Wadlow requested the Board to consider amending the General Manager's Employment Agreement and made specific proposals in the areas of: 1) salary adjustment; 2) IRS 401(a) deferred compensation; and 3) post-retirement benefits. Mr. Wadlow indicated that the proposals are intended to be both beneficial to the District and the General Manager.

Director Weed recommended that the President and Vice President of the Board be designated as the District's representatives for labor negotiations.

A motion was made by Director Koller and seconded by Director Sethy to name the President and Vice President of the Board as the designated District representatives for labor negotiations with the General Manager.

The motion was passed by the following vote:

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

10 – CLOSED SESSION

President Huang adjourned the meeting to a closed session at 10:54 P.M. for conference on the following item:

- 10.1 Conference with Labor Negotiators  
Pursuant to California Government Code Section 54957.6  
Agency Designated Representatives: Directors Huang and Weed  
Unrepresented Employee: General Manager

President Huang reconvened the meeting at 11:21 P.M. and reported that the Board met in closed session pursuant to California Government Code Section 54957.6 to confer with its designated representatives for labor negotiations with the District’s General Manager, an unrepresented employee. In the closed session the Board provided instructions to the District’s designated representatives.

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There being no further business to come before the Board, President Huang adjourned the meeting at 11:22 P.M.

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Gina Markou, District Secretary

Attest:

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Judy C. Huang, President