

September 8, 2011  
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on September 8, 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: Acting General Manager Robert Shaver, Manager of Finance Shelley Burgett, Manager of Operations Steve Peterson, Manager of Administrative Services Altarine Vernon, Acting Engineering Manager Anna Lloyd, Project Engineering Supervisor Toni Lyons, Attorney Patrick Miyaki, and Assistant District Secretary Andrew Warren.

President Judy Huang presided.

Director Koller led in the Salute to the Flag.

### 3 – PUBLIC COMMENTS

Ms. Wynn Grcich, a former resident of Fremont (now residing in Hayward) distributed materials and discussed the potential human health effects of fluoridated water supplies.

President Huang reopened Public Comments prior to the Board's consideration of Agenda Item 6.4 (7:46 P.M.) Mr. Ron Cohen, a resident of Fremont, distributed a copy of a proposed resolution regarding fluoride to the Board and discussed the potential human health effects of fluoridated water supplies.

### 4 – CONSENT CALENDAR

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

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 Sethy to approve the following items on the Consent Calendar as amended.

- 4.1 Approval of Minutes - Regular Meeting of August 11, 2011
- 4.2 Ratification of Payment of Audited Demands dated August 5, August 12, August 19, and August 26, 2011
- 4.3 Resolution Approving and Authorizing Execution of Contract with Pulte Home Corporation, Extension of Water Main, Tract 7910, ACWD #2010-0065

RESOLUTION NO. 11-042

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
APPROVING AND AUTHORIZING EXECUTION OF CONTRACT WITH  
PULTE HOME CORPORATION, FOR EXTENSION OF WATER MAIN,  
ACWD #2010-0065

4.4 Resolution Amending the FY 2011/12 Personnel Budget

RESOLUTION NO. 11-043

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
AMENDING FY 2011/12 PERSONNEL BUDGET

5.1 Resolution Setting Amount to be Collected for Certain Fiscal Year 2011/12 Property Taxes

5.2 Authorization of Purchase Order for Consulting Services to Prepare a SCADA Master Plan

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\* RESOLUTION SETTING AMOUNT TO BE COLLECTED FOR CERTAIN FISCAL YEAR 2011/12 PROPERTY TAXES

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Beginning in Fiscal Year 1978/79 and each year thereafter, the Board of Directors has levied a tax for payment of the groundwater portion of the District's State Water Contract Costs.

The amount of funding required this fiscal year to fund the groundwater portion of the State Water Contract cost is \$3,009,600. This amount must be reported to the Alameda County Auditor so that it can be collected on the FY 2011/12 property tax rolls. The amount required is based upon cost projections provided by the State of California Department of Water Resources and is less than the \$3,359,300 amount estimated in the FY 2011/12 budget due to adjustments for actual tax collections during FY 2010/11 and the actual State Water Contract cost payments in FY 2010/11.

A motion was made by Director Gunther, seconded by Director Sethy to adopt a resolution setting the amount of taxes to be collected for FY 2011/12 to pay the State Water Contract costs at \$3,009,600.

RESOLUTION NO. 11-044

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
SETTING AMOUNT TO BE RAISED BY TAXATION FOR GROUND  
WATER DIVISION'S PAYMENTS TO THE STATE WATER PROJECT FOR  
FISCAL YEAR 2011/12

The motion was passed by the following vote:

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

5.2\* AUTHORIZATION OF PURCHASE ORDER FOR CONSULTING SERVICES TO  
PREPARE A SCADA MASTER PLAN

The District's Supervisory Control and Data Acquisition (SCADA) system performs a variety of functions including water treatment process monitoring and control, operation of the distribution system, alarm notification, data gathering, and regulatory reporting. A master plan for the SCADA system is now needed to schedule and develop budgets for replacing existing obsolete control and radio equipment with new equipment and software to meet the future control and data management needs. District staff has determined that EMA, Inc. is the consultant best suited to assist the District in developing a SCADA master plan. Because a proposal from EMA, Inc. was the only proposal solicited, Board approval is needed to waive the District's Procurement Policy No. 1. The scope of work and cost for the consulting services was reviewed with the Operations and Water Quality Committee on August 17, 2011. Adequate funds are available in the budget for this work.

The District began installing its SCADA system in the early 1980's and has implemented upgrades over time as the technology changed and additional facilities were added. Going forward however, a SCADA master plan is needed that will coordinate and align future SCADA upgrades with the District's Information Technology Master Plan (ITMP). The scope of the SCADA master plan includes the preparation of schedules and budgets for replacing obsolete control and radio equipment with new equipment and software to meet the future needs associated with database management, operational and regulatory reports, reliability (e.g., improved emergency response capabilities), security, communication bandwidth and speed, and staff training. Development of the SCADA master plan will involve stakeholders from different departments and will have a planning horizon of ten years.

At the District's request, EMA, Inc. (EMA) submitted a proposal for the services to prepare the District's SCADA master plan. EMA has been the consultant working with the District on the ITMP for the last two years. Based on the firm's familiarity with the District and the recent satisfactory completion of the ITMP, EMA was determined as being the firm best suited to perform the consulting work. EMA's estimate for this work is \$140,500 and includes a 10% contingency. The consultant's services will be performed on a time-and-materials basis as directed by the District. The proposal from EMA has been reviewed by staff and the scope of work, approach, schedule and level of effort are reasonable.

A motion was made by Director Gunther, seconded by Director Sethy to: 1) waive the requirement in Procurement Policy No. 1 that requests for proposals be solicited; 2) authorize a purchase order to EMA, Inc. in an amount not to exceed \$140,500 to provide consulting services to prepare a SCADA master plan; and 3) authorize the General Manager to enter into a services agreement.

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 AMENDMENT FOR ENGINEERING SERVICES FOR THE APPIAN TANK SEISMIC UPGRADE PROJECT

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Ms. Lloyd informed the Board that they previously authorized a purchase order to Carollo Engineers (Carollo) to evaluate design options to seismically upgrade the tank and pipeline, improve roadway drainage along the access road, establish electrical service at the tank site, and install temporary improvements at the Seven Hills Booster Station to accommodate project construction. The scope of services also includes preparation of preliminary design drawings and environmental (CEQA) documentation for the Appian Tank Seismic Upgrade Project. The design study and preliminary design drawings are complete and the preparation of an administrative and public draft of an Initial Study/Mitigated Negative Declaration is in progress. Board authorization is required to complete the final design and construction bid documents. There is adequate funding in the budget for this expenditure.

On October 14, 2010, the Board authorized a purchase order to Carollo Engineers in the amount of \$195,662 to complete a design study, preliminary design drawings, and CEQA documentation. One purchase order amendment in the amount of \$53,200, for additional CEQA effort and assistance with environmental permitting, has been issued to date.

On July 14, 2011, the Board authorized a separate purchase order, in the amount of \$43,700 to Overland, Pacific and Cutler, Inc. for right of way acquisition services to resolve easement-related issues. It was discovered, during preliminary design that easements of record did not exist for the 16-inch tank inlet/outlet pipeline that traverses across five (5) adjoining private parcels.

At staff's request, Carollo submitted a cost proposal in the amount of \$509,151 for final design services. The scope of Carollo's work includes final design drawings and specifications, geotechnical work, legal descriptions and plats for temporary construction and permanent easements, project management, meetings, environmental permit/design coordination, preparation of an engineer's estimate, and bid support services which include responding to contractor questions and addendum preparation during bidding. Staff has reviewed the costs for the additional work and has determined they are fair and reasonable.

A motion was made by Director Gunther, seconded by Director Koller to authorize a purchase order amendment to Carollo Engineers for final design engineering services in an amount not to exceed \$509,151 for the Appian Tank Seismic Upgrade Project, Jobs 6435 and 6436.

The motion was passed by the following vote:

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

5.4 AUTHORIZATION OF THE DEMOLITION OF EXISTING STRUCTURES AND  
INSTALLATION OF A RETAINING WALL ON THE MISSION SAN JOSE WATER  
TREATMENT PLANT PROPERTY

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Ms. Lloyd informed the Board that in accordance with the Settlement Agreement and Stipulation for Entry of Judgment entered into on March 2, 2011, the residents that previously occupied the District-owned property located adjacent to the Mission San Jose Water Treatment Plant (MSJWTP) vacated the premises at the end of June, 2011.

It is now necessary to expedite the removal of the existing unpermitted structures on the property to ensure that the site does not become an attractive nuisance and to construct a retaining wall to stabilize the existing hillside before the upcoming rainy season. Accordingly, an out of scope change order to D.W. Nicholson Corporation, the contractor that is currently performing work for the District at the Seven Hills Booster Station, has been prepared to 1) demolish, remove, and legally dispose of the existing abandoned modular home and associated structures; and 2) construct a gabion-style retaining wall. A reserve appropriation and a time extension are required to complete the work.

On June 9, 2011, the Board awarded a contract to D. W. Nicholson Corporation in the amount of \$123,200 to construct the Seven Hills Booster Pump No. 3 Installation Project. Construction is approximately 10% complete.

After gaining access to the District's property adjacent to the MSJWTP, District staff discovered that the existing modular home, associated structures and retaining wall were all in an acute state of substantial disrepair and/or partially dismantled and removed. Additionally, testing services were procured by District staff and it was determined that the existing floor tiles within the modular home contain asbestos. Lastly, engineering staff determined that the retaining wall requires immediate replacement to ensure that erosion control is in place and that the hillside is stabilized before the upcoming rainy season. Due to the limited available time to perform this work, staff expedited the design of a new wall and negotiated a potential change order with the only contractor currently performing work for the District and deemed qualified to perform the demolition and retaining wall installation work.

Change Order No. 1, in the amount of \$185,000, has been prepared for the following work items requested by the District: 1) demolition and legal disposal of a 2,400 square feet modular home (\$64,000); and 2) installation of a new 220-foot long, 12-foot high gabion-style retaining wall (\$121,000). A time extension of 30 calendar days is required to complete the work. Staff has reviewed the costs associated with the additional work, including the time required, and has determined they are fair and reasonable.

Funds were included in this year's budget to remove debris left on site by the former occupants living on the property; however, a reserve appropriation in the amount of \$94,000 is required for

costs associated with the unanticipated additional work, including the design and construction of the retaining wall.

A motion was made by Director Gunther, seconded by Director Sethy to: 1) authorize a reserve appropriation in the amount of \$94,000; 2) approve Change Order No. 1 in the amount of \$185,000; and 3) grant a time extension of 30 calendar days to D. W. Nicholson Corporation, Jobs 6476 and 6512 in order to complete the work set forth in Change Order No. 1.

The motion was passed by the following vote:

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

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## 6 – REPORTS

### 6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of August 17, 2011: 1) SCADA Master Plan; 2) ACWD Comments on Draft EIR/EA for SR-84 Niles Canyon Safety Improvement Plan
- Engineering & Capital Projects Meeting of August 18, 2011: 1) BART Central Park Subway Project; 2) EBMUD Groundwater Management Plan – Director Sethy inquired about the plan. Discussion ensued and staff responded to Director Sethy’s questions; 3) Proposed Groundwater Tracer Study – Director Sethy inquired about the long-term scope of the study. Ms. Lloyd provided additional information regarding the study.
- Administrative & Finance Meeting of August 23, 2011: 1) Development Fees and Charges Study Update
- Water Resources Planning Meeting of August 24, 2011: 1) Integrated Resources Plan Update

### 6.2 OPERATIONAL REPORTS

- Investment Report
- Quarterly Budget and Expense Report
- Annual FY EE Reimbursement Required by AB 1542 (UMBERG)
- Annual Revenue and Expenditure Report
- Annual Meter Installation Report – Director Sethy suggested changes to be made to the Annual Meter Installation and Annual Dwelling Unit Reports. Ms. Burgett will follow-up.
- Annual Dwelling Unit Report
- Water Production Report

### 6.3 STAFF REPORTS

- Debt Financing Presentation – Mr. Tom Lockard, Managing Director of Stone & Youngberg, updated the Board on the current economy, markets, and available financing alternatives, considering staff’s recommendation that the District procure approximately \$24 million in debt financing, with approximately \$22 million in net proceeds for funding capital improvement projects. Mr. Lockard suggested that the District consider forming a Joint Power Authority (JPA) with another public agency, such as Union Sanitary District, which would allow the District to issue revenue bonds. Discussion ensued and Mr. Lockard responded to questions from the Board. Following Mr. Lockard, Ms. Lyons presented a potential suite of projects that would deliver immediate value to the community and could be realistically completed by the District within three years. Ms. Lyons explained that the recommended scope and magnitude of the projects would 1) maintain the District’s current high bond rating; 2) can realistically be completed within three years, given projected staffing, project control needs, and future uncertainties; and 3) is based on recent customer survey responses and prior feedback from the Board. Discussion ensued and Ms. Lyons responded to questions from the Board.

Based on the Board’s positive response to the information presented by Mr. Lockard and Ms. Lyons, Ms. Burgett indicated that staff will begin preparing the necessary documents to procure approximately \$24 million in debt financing.

### 6.4 GENERAL MANAGER’S REPORTS

- Mr. Shaver apprised the Board that the bankruptcy of Solyndra, Inc. will affect the District’s revenue. Solyndra, Inc. was the tenth largest customer (fourth largest private) and accounts for about 0.8% of the District’s annual water sales revenue.
- Mr. Shaver informed the Board that a team consisting of the Environmental Finance Center at the University of North Carolina at Chapel Hill, Raftelis Financial Consultants Inc. (RFC) and 17 utility organizations, including ACWD, participated in a competitive process and were selected by the Water Research Foundation to define and develop new approaches and methodologies to address current and future financial challenges. It is anticipated that this effort will complement the District’s current “Future of ACWD” initiative.
- Mr. Shaver announced that staff will be conducting a community outreach meeting on September 14, 2011 in Union City to explain the Appian Tank Seismic Upgrades Project. Directors Gunther and Sethy indicated that they are planning to attend.
- Mr. Shaver reminded the Board that staff will be conducting a workshop on September 22, 2011 on the District’s Water Main Replacement Program.

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

- Director Sethy informed the Board that the City of Fremont conducted a study on financial sustainability and would like the Board to discuss the study’s recommendations at a future Board Meeting.

Minutes – September 8, 2011

- Director Sethy stated that the District began fluoridating drinking water after the voters approved a ballot measure in the 1970's.
- Director Koller informed the Board that he and Director Sethy are planning to make a presentation to the Newark Optimist Club on September 28, 2011.
- Director Koller reminded the Board that the Newark Days Parade will be on September 17, 2011.

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There being no further business to come before the Board, President Huang adjourned the meeting at 8:15 P.M.

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Andrew Warren, Assistant District Secretary

Attest:

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Judy C. Huang, President