

Approved WLL

December 8, 2011
Fremont, California

The regular monthly meeting of the Board of Directors of ALAMEDA COUNTY WATER DISTRICT was held on December 8, 2011, at the hour of 6 08 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, Financial Systems Analyst Michael Yee, Development Services Manager Ed Stevenson, Attorney Patrick Miyaki, and Assistant District Secretary Andrew Warren

President Judy Huang presided

Steve Peterson led in the Salute to the Flag

3 – PUBLIC COMMENTS – None

Mr Wadlow informed the Board of one correction to the Minutes from the November 10, 2011, Board meeting On Page 20 of the Minutes it indicated that the meeting adjourned at 9 58 P M , when in fact it adjourned at 8 58 P M

4 – CONSENT CALENDAR

A motion was made by Director Gunther to add Items 5 2 through 5 5 and Items 5 7 and 5 8 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 November 10, 2011
- 4 2 Ratification of Payment of Audited Demands dated November 4, November 11, and November 18, 2011
- 5 2 Authorization of Change Order No 2 for the Warm Springs Main Extension Prune to Brown Project
- 5 3 Authorization of Change Order No 2 and Resolution Accepting Completion of the Seven Hills Booster Pump No 3 Installation Project

- 5.4 Authorization for Participation in the 2012 High Efficiency Clothes Washer Rebate Initiative and of a Purchase Order to Pacific Gas and Electric Company for Program Administration
- 5.5 Authorization of Purchase Order for Network Switching Equipment for the Headquarters Facility Cabling Project
- 5.7 Resolution Adopting the Negative Declaration and Approving the Water Treatment Plant No. 2 LOX Conversion and Process Upgrades Project
- 5.8 Consideration of the District’s Investment Policy

The motion was passed by the following vote:

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

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

5.1 REORGANIZATION OF BOARD OF DIRECTORS

Section 30520 of the California Water Code provides that the Directors shall elect one of their number President and may elect one of their number Vice President.

Pursuant to Resolution 1871, adopted December 10, 1970, this election is held at the first regular Board meeting in December each year. The Directors who are elected President and Vice President assume office at the close of the meeting at which they are elected.

A motion was made by Director Koller, seconded by Director Gunther to adopt a resolution electing Director Weed as President of the Board.

RESOLUTION NO. 11-054

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ELECTING DIRECTOR JOHN H. WEED PRESIDENT OF THE BOARD OF
DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT

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 Weed, seconded by Director Sethy to adopt a resolution electing Director Gunther as Vice President of the Board.

RESOLUTION NO. 11-055

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ELECTING DIRECTOR JAMES G. GUNTHER VICE PRESIDENT OF THE
BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT

The motion was passed by the following vote:

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

5.2* AUTHORIZATION OF CHANGE ORDER NO. 2 FOR THE WARM SPRINGS MAIN
EXTENSION PRUNE TO BROWN PROJECT

The Board previously awarded the Warm Springs Main Extension Prune to Brown Project to Ghilotti Construction Company. Change Order No. 2 is required to address additional required work. There is adequate funding in the budget for this expenditure.

On April 12, 2011, the construction contract for the Warm Springs Main Extension Prune to Brown Project was awarded to Ghilotti Construction Company in the amount of \$1,999,405. On October 6, 2011, the Board authorized Change Order No. 1 in the amount of \$16,419. Construction is approximately 95% complete and the pipeline is in service.

Change Order No. 2 in the amount of \$113,008 has been prepared for the following work items: 1) additional saw cutting, removal, and disposal of concrete pavement and cement treated base that was encountered under the existing pavement (\$26,370); 2) additional exploratory work and pipe fabrication to address sanitary sewer, fiber optic, gas, and storm drain conflicts (\$71,612); and 3) additional traffic control and night-shift work to minimize the impact of the work on the businesses along the pipeline alignment (\$15,026).

On January 13, 2011, the Board authorized the District to enter into a cost sharing agreement with the Bay Area Rapid Transit District (BART) that requires BART to assume essentially the same cost sharing obligations that the District imposes on property developers. This is because BART benefits from the pipeline installation. The agreement stipulates that the District and BART equally share the cost of any contract change orders that occur along the portion of the project that front the BART property or are made necessary by BART. For Change Order No. 2, one utility pothole was performed in front of the BART property and BART's share of the cost is \$1,301.

A motion was made by Director Gunther, seconded by Director Sethy to approve Change Order No. 2 in the amount of \$113,008 and grant a time extension of 2 calendar days to Ghilotti Construction Company for the Warm Springs Main Extension Prune to Brown Project, Job 6478.

The motion was passed by the following vote:

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

ABSENT: None

5.3* AUTHORIZATION OF CHANGE ORDER NO. 2 AND RESOLUTION ACCEPTING COMPLETION OF THE SEVEN HILLS BOOSTER PUMP NO. 3 INSTALLATION PROJECT

The Board previously awarded the construction of the Seven Hills Booster Pump No. 3 Installation Project to D.W. Nicholson Corporation (D.W. Nicholson). Change Order No. 1 was previously approved for the demolition of existing structures and the installation of a retaining wall on the Mission San Jose Water Treatment Plant (MSJWTP) property. Change Order No. 2 has been prepared for additional work at the Seven Hills Booster Station and for additional retaining wall-related work at the MSJWTP property. A budget transfer is required for this expenditure.

On June 9, 2011, the Board awarded the construction contract for the Seven Hills Booster Pump No. 3 Installation Project to D.W. Nicholson in the amount of \$123,200. The booster station work is complete and the new pump installation is fully functional. On September 8, 2011, the Board awarded Change Order No. 1 in the amount of \$185,000 for MSJWTP property-related improvements, including the installation of a retaining wall and this work is also complete.

Change Order No. 2, in the amount of \$13,600, has been prepared primarily to address an unforeseen concrete-encased conduit at the Seven Hills Booster Pump Station (\$2,500) and to increase the height of the retaining wall along the steepest part of the hill slope at the MSJWTP property (\$11,100.) Staff has reviewed the costs associated with the additional work and has determined that they are fair and reasonable. A budget transfer is required to cover this additional expenditure.

A motion was made by Director Gunther, seconded by Director Sethy to: 1) authorize budget transfers from Project/CIP No. 11D04/EE0301B Program EIR for the 2011-2020 Engineering Report to Project/CIP No. 11D40/BB0651 Seven Hills Booster Station Improvements in the amount of \$83,900 and to Project CIP No. 12D15/PJ0154 MSJWTP Property Improvements in the amount of \$4,100, respectively; 2) approve Change Order No. 2 in the amount of \$13,600 to D.W. Nicholson for the Seven Hills Booster Pump No. 3 Installation Project, Jobs 6476 and 6512; and 3) adopt a resolution accepting completion of the Seven Hills Booster Pump No. 3 Installation Project, Jobs 6476 and 6512.

RESOLUTION NO. 11-056

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ACCEPTING COMPLETION OF CONTRACT NO. 3746, D.W. NICHOLSON
CORPORATION, JOB 6476

The motion was passed by the following vote:

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

5.4* AUTHORIZATION FOR PARTICIPATION IN THE 2012 HIGH EFFICIENCY CLOTHES WASHER REBATE INITIATIVE AND OF A PURCHASE ORDER TO PACIFIC GAS AND ELECTRIC COMPANY FOR PROGRAM ADMINISTRATION

Staff proposes to continue participating in the Bay Area Water Agency and Pacific Gas and Electric Company (PG&E) Cooperative Clothes Washer Rebate Initiative Program (“Bay Area Washer Rebate Program” or “Program”) for the calendar year 2012. During the 2012 Program, rebates will be provided for Consortium for Energy Efficiency Tier 3 Clothes Washers, the most water-efficient washers on the market today. Tier 2 Washers will no longer be supported. Tier 3 washers will be eligible for a \$100 rebate (\$50 from PG&E and \$50 from ACWD). Based on an estimated 3,000 rebates, the total estimated cost of rebates for ACWD is \$150,000. ACWD will also be responsible for PG&E Program administration fees. These administration fees are estimated at \$33,300 for a total annual ACWD Program cost of \$183,300. Sufficient funds are contained in the budget to cover the cost of this Program.

Over the past four years, ACWD has participated in the Bay Area Water Washer Rebate Program, with PG&E serving as the Program administrator. The intent of the Program is to encourage customers to purchase high efficiency clothes washers, as well as encourage manufacturers to develop and market these washers, by providing rebates for the most water-efficient clothes washers. The Program has been very successful, resulting in over 11,000 high efficiency washers installed within ACWD’s service area during the last four years. Based on previous program activity, staff anticipates that ACWD will receive up to 3,000 rebate applications under the proposed 2012 Program, for a total Program cost of \$183,300.

ACWD has the opportunity to reduce the net cost of the Program through an existing cost-share arrangement with Union Sanitary District (USD). Under this agreement, USD has agreed to contribute up to \$50,000 for washer rebates (\$25 per rebate) during fiscal year 2011/12. A portion of USD’s contribution has already been applied to the 2011 Washer Rebate Program; however, it is anticipated that approximately \$15,000 will be available to be applied to the 2012 Program. In addition, staff anticipates entering into a similar cost-sharing agreement with USD for fiscal year 2012/13, which may further reduce ACWD’s net cost for the 2012 Program.

A motion was made by Director Gunther, seconded by Director Sethy to: 1) authorize the General Manager to enter into the second amendment to the agreement with PG&E for participation in the 2012 Bay Area Water Agency and PG&E Cooperative Clothes Washer Rebate Initiative Program; and 2) authorize a Purchase Order to Pacific Gas and Electric Company in an amount not to exceed \$183,300 for ACWD’s portion of the rebates and related fees for the Program.

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 NETWORK SWITCHING EQUIPMENT FOR THE HEADQUARTERS FACILITY CABLING PROJECT

The Headquarters Facility Cabling Project is one of the projects identified in the Information Technology Master Plan (ITMP). To accommodate the new data and voice cables, the older Token Ring and Ethernet network switches need to be replaced. Sufficient funds are contained in the budget to cover the cost of this Project.

The Headquarters Facility Cabling Project is identified in the District's 2010 Information Technology Master Plan as an essential element to bringing our computer network infrastructure to current standards. The project includes the installation of a new fiber optic backbone to each of the existing intermediate distribution facility closets, implementation of a Cat 6A horizontal cabling system throughout the headquarters facility, modifications to the existing wiring closets to meet current codes, and the removal of existing cable wires that are no longer required. To utilize the new cabling infrastructure to the fullest extent, the existing network switches need to be replaced. The existing network switches are a combination of Token Ring and Ethernet switches that have reached the end of their useful life.

The District has decided to standardize its network switches to those provided by Cisco Systems. Cisco is one of the leading providers of network equipment and its devices are known for stability and performance. Cisco does not sell directly but instead partners with various third-party resellers. The District issued a formal Request for Quote for purchase of several switches to accommodate the new voice and data cables. Requests for quotations were sent to six Cisco resellers and the District received bids from three. The lowest bid was from Extra Team.

A motion was made by Director Gunther, seconded by Director Sethy to authorize a purchase order to Extra Team in the amount of \$98,967.65 for purchase of network switching equipment.

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 ORDERS FOR NEGOTIATED AND BID WATER TREATMENT CHEMICALS

Mr. Peterson informed the Board of a computation error made by staff in the bid evaluation process. The error had no effect on the outcome of the bid and Mr. Peterson reviewed those figures with the Board. Mr. Peterson reported that funds are authorized each year for the purchase of chemicals used for water treatment. The District's current agreements for nine water treatment chemicals will expire at the end of December 2011. Staff reviewed bids for six water treatment plant chemicals (anti-scalant, carbon dioxide, ferric chloride, hydrofluosilicic acid, sodium hydroxide at 25%, and sodium hydroxide at 50%) and is proposing to enter into new agreements for these chemicals for the calendar year 2012. In addition, the District's current agreements for three chemicals: aqua ammonia, calcium hypochlorite, and liquid citric acid, were authorized by the Board in December 2010 and contained provisions for extending the contracts for three additional 12 month periods. Staff is proposing extending the agreements with

Hills Brothers for aqua ammonia, Chemquip for calcium hypochlorite, and Brenntag Pacific for liquid citric acid through the end of December 2012. There is adequate funding in the budget to cover the costs of water treatment chemicals for the balance of the current fiscal year.

Operations staff evaluated nine water treatment chemical agreements for renewal or rebidding taking into account the terms of the agreement, proposed and potential price decreases, level of service provided (supply reliability and dependable delivery), and compliance with contract documents (product meets chemical specifications). Of the nine chemical supply contracts that were evaluated, three contracts (calcium hypochlorite, liquid citric acid and aqua ammonia) were determined to be appropriate for consideration for renewal, and six contracts were advertised for bids.

District staff negotiated a no change in unit price for calcium hypochlorite for an additional 12-month period beginning in January 2012. The current agreement with Chemquip was originally authorized by the Board in December 2010, and contained provisions for extension of the contract for an additional 12-month period. The current and newly negotiated cost for calcium hypochlorite is \$2.17 per pound. The total cost of this chemical over the next 12 months is \$4,774 based on an estimated annual average usage rate.

Also, District staff negotiated a 6% increase in unit price for liquid citric acid (totes) for an additional 12-month period beginning in January 2012. The current agreement with Brenntag Pacific was originally authorized by the Board in December 2010, and contained provisions for extension of the contract for an additional 12-month period. The current and newly negotiated cost for liquid citric acid is \$6.30 per gallon. The total cost of this chemical over the next 12 months is \$11,970 based on an estimated annual average usage rate.

Lastly, District staff negotiated a 22% increase in unit price for aqua ammonia for an additional 12-month period beginning in January 2012. The current agreement with Hills Brothers was originally authorized by the Board in December 2010, and contained provisions for extension of the contract for an additional 12-month period. The decision to pursue this extension was based upon District staff knowledge of market conditions, available suppliers, and product chemical specifications. The current and newly negotiated cost for aqua ammonia is \$1,357.93 per dry ton for an additional 12-month period. The total cost for aqua ammonia for the next 12 months is \$61,104 based on an estimated annual average usage rate.

For the six contracts that are not being extended, the District received and opened twelve bids on November 15, 2011 for anti-scalant, carbon dioxide, ferric chloride, hydrofluosilicic acid, 25% sodium hydroxide, and 50% sodium hydroxide. All bids were checked arithmetically and for compliance with the bidding requirements. There were minor irregularities in several of the proposals, but all of these irregularities were subsequently corrected following the bid opening. These irregularities are described below and are considered minor and may be waived.

King Lee Technologies' quotation, the lowest responsive bidder for anti-scalant, had a minor arithmetic error. However, once the error was corrected King Lee Technologies remained the lowest responsive bidder. Nalco also submitted a bid for anti-scalant, but did not provide critical information on dosage rates required in the request for quotation. Legal Counsel was advised and

concurs with staff that Nalco’s bid is unsatisfactory due to the deficiency and should be considered as non-responsive.

Praxair Inc., the single bidder for carbon dioxide, included exceptions to the terms and conditions in its proposal for carbon dioxide. Praxair Inc.’s bid was however submitted with the same exceptions to the bid specifications that were previously negotiated and agreed upon for delivery of the chemical in 2010 and 2011. Since the bid opening, Praxair has agreed to the previously agreed upon terms for the 2012 contract. District staff therefore recommends waiving the minor irregularities to this bid.

The lowest bids for each chemical are shown in the table below and are based on a 12-month period. The total estimated cost for the six chemicals bid for the 12-month period between January 1, 2012 and December 31, 2012 is \$1,209,671.

Item No.	Supplier	Chemical	Estimated Quantity	Unit Price	Tank Cleaning	Previous Unit Price
1.	King Lee Tech.	Anti-scalant (taxed)	35,511 lbs	\$1.12	\$5,875	\$1.68
2.	Praxair	Carbon Dioxide	333 tons	\$140.00	n/a	\$165.00
3.	Univar	Liquid Caustic Soda (sodium hydroxide, 25%)	26 dry tons	\$536.90	n/a	\$484.77
4.	Univar	Liquid Caustic Soda (sodium hydroxide, 50%)	962 dry tons	\$485.90	n/a	\$437.07
5.	Penco	Hydrofluosilicic Acid	57 dry tons	\$2,582.61	n/a	\$2,682.61
6.	Kemira Water Sol	Ferric Chloride	680 dry tons	\$710.00	\$6,000	\$610.00

A motion was made by Director Weed, seconded by Director Gunther to, 1) reject the bid submitted by Nalco Company for anti-scalant as non-responsive; 2) waive the minor irregularities in the bids submitted by King Lee Technologies for anti-scalant and Praxair, Inc. for carbon dioxide; and 3) authorize the purchase orders to furnish and deliver the nine water treatment chemicals identified above for an estimated cost of \$1,264,584.

The motion was passed by the following vote:

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

5.7* RESOLUTION ADOPTING THE NEGATIVE DECLARATION AND APPROVING THE WATER TREATMENT PLANT NO. 2 LOX CONVERSION AND PROCESS UPGRADES PROJECT

To complete the design of Water Treatment Plant No. 2 Liquid Oxygen (LOX) Conversion and Process Upgrades Project (Project) and to comply with the California Environmental Quality Act (CEQA), Camp Dresser McKee (CDM) was requested to perform an Initial Study (IS) to determine if the Project will have any significant impact on the environment. The Project consists of converting the existing air-based generation system to a LOX based system. The

existing air preparation equipment will be removed, a liquid oxygen storage area constructed, two power supply units and generators modified to work with the liquid oxygen, and the existing diffusion piping replaced. The study determined that the Project will not have a significant effect on the environment and a Negative Declaration was prepared.

In accordance with CEQA, a legal notice was published in The Argus newspaper for a Notice of Intent (NOI) to Adopt a Negative Declaration (ND), for the Water Treatment Plant No. 2 LOX Conversion and Process Upgrades Project. The IS/ND document was sent to the State Clearinghouse, Alameda County, and to the City of Fremont Main Library. The IS/ND was available for public review at the District headquarters and was available on the District's website. Additionally, letters were mailed to residents of properties in the neighborhood adjacent to the Project site informing them of the Project and inviting them to a tour of the plant. The required 30-day public comment period ended on November 7, 2011. Written comments were received from one resident, Mr. S. Andrew Sass, and the California Department of Transportation. Staff has concluded that no new significant environmental impacts have been identified as a result of the public review process and that the Project will not have a significant effect on the environment. The IS/ND is incorporated as an attachment to the resolution proposed for adoption.

A motion was made by Director Gunther, seconded by Director Sethy to: 1) adopt a resolution which adopts the Negative Declaration for the Water Treatment Plant No. 2 LOX Conversion and Process Upgrades Project and approves the Water Treatment Plant No. 2 LOX Conversion and Process Upgrades Project, and 2) authorize the General Manager to prepare and file a Notice of Determination for the Project (Jobs 6174 and 6230).

RESOLUTION NO. 11-057

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING A NEGATIVE DECLARATION FOR AND APPROVING THE
WATER TREATMENT PLANT NO. 2 LOX CONVERSION AND PROCESS
UPGRADES PROJECT (PROJECT 03D69 WITHIN THE DISTRICT'S
CAPITAL IMPROVEMENT PROGRAM) AND DIRECTING THE FILING OF
A NOTICE OF DETERMINATION

The motion was passed by the following vote:

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

5.8* CONSIDERATION OF THE DISTRICT'S INVESTMENT POLICY

The District's current Investment Policy contains a clause for an annual consideration by the Board of Directors. Applicable law is permissive in this matter, but it has been staff practice to adhere to a higher standard and provide for annual consideration. The investment policy was last reviewed in 2010. Currently the District has a financial advisor, PFM Consultants, finalizing their recommendations for changes to the current investment policy and also recommendations for a change in the investment portfolio strategy. Upon legal and Administrative & Finance

Committee review, the new Investment Policy will be brought before the Board within the next 6 months. Therefore it is recommended that the Board waive the requirement in the Investment Policy for annual consideration in 2011 on the condition that staff will present the updated Investment Policy for Board consideration within 6 months.

Government Code Section 53646(a)2 indicates that the District’s investment policy “may” be reviewed annually, but District staff practice has been to adhere to a stricter standard and considers it prudent practice to provide the policy to the Board for annual consideration. The policy was last reviewed by the Board on February 11, 2010. Currently the District has a financial advisor, PFM Asset Management Consultants, which is finalizing a comprehensive review of the District’s investment policy, practices and portfolio. They are planning to finalize their recommendations within the next few months for changes to the current investment policy and portfolio strategy. The recommendations will then be submitted for legal review by District counsel. Then the Administrative and Finance Committee will review the recommendations before bringing the new Investment Policy to the Board for adoption.

A motion was made by Director Gunther, seconded by Director Sethy to waive the Investment Policy requirement for annual consideration in 2011 on the condition that it will be presented to the Board for consideration within 6 months.

The motion was passed by the following vote:

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

**5.9 RESOLUTION ADOPTING THE ASSOCIATION OF BAY AREA GOVERNMENTS
MULTI-JURISDICTIONAL LOCAL HAZARD MITIGATION PLAN ADAPTED
WITH THE ACWD ANNEX**

Mr. Peterson reported that the Association of Bay Area Governments (ABAG) has developed a Multi-Jurisdictional Local Hazard Mitigation Plan (LHMP) for the purpose of having an improved and coordinated response to local hazards amongst all cities, counties and special districts in the Bay Area. The plan provides for a clear recognition of all types of natural hazards facing each city or agency and outlines the mitigation strategies to be employed to reduce the potential loss of life, property damage, and environmental degradation resulting from the occurrence of natural disasters. The District has recently obtained approval from the Federal Emergency Management Agency (FEMA) of an annex (ACWD Annex or Annex) to the LHMP which describes the disasters likely to affect the District and what steps the District is planning to take to mitigate these disasters. A resolution adopting the ABAG LHMP and ACWD Annex will serve to show District support of the LHMP and provides an opportunity for applying for State and Federal grant funding to implement the needed capital improvements identified in the ACWD Annex. This item was reviewed with the Operations and Water Quality Committee on December 7, 2011.

The Board previously approved the preparation of the ACWD Annex at its September 10, 2009 Board meeting. Since then, the local disasters and mitigation strategies were identified for inclusion in the Annex and the Annex was posted on the District’s website for public comment.

On March 24, 2011, the 2010 version of the ABAG LHMP was approved by FEMA and in July 2011, the District submitted its Annex through ABAG for FEMA approval. FEMA approved the ACWD Annex on November 16, 2011. Some of the mitigation strategies are capital improvements consisting of the seismic retrofit of large diameter transmission lines that cross the Hayward fault and the installation of bypass connections at locations where critical distribution system pipelines cross the fault. In October 2011, District staff submitted an application to FEMA for \$3 million of Pre-Disaster Mitigation (PDM) grant funding to implement some of these capital improvements. This application has received initial approval from the California Emergency Management Agency Hazard Mitigation Grants division and will now move forward for FEMA's evaluation. FEMA's process for evaluating grant funding applications takes approximately four to six months to complete. Currently, the FY 2012 national budget includes \$84.9 million for FEMA PDM grant funding. It is estimated that California may receive approximately \$18 million of this funding for award in 2012.

A motion was made by Director Koller, seconded by Director Sethy to authorize a resolution adopting the Association of Bay Area Governments Multi-Jurisdictional Local Hazard Mitigation Plan adapted with the ACWD Annex as the District's Local Hazard Mitigation Plan with the commitment and authorization to take the hazard mitigation actions identified, as appropriate, in the ACWD Annex.

RESOLUTION NO. 11-058

OF THE BOARD OF DIRECTORS OF THE ALAMEDA COUNTY WATER DISTRICT ADOPTING THE ASSOCIATION OF BAY AREA GOVERNMENTS MULTI-JURISDICTIONAL LOCAL HAZARD MITIGATION PLAN AND ACWD ANNEX

The motion was passed by the following vote:

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

6 – REPORTS

6.1 BOARD COMMITTEE REPORTS

- Operations & Water Quality Meeting of November 2, 2011: 1) Fluoride Dosage Reduction; 2) PAX Mixer at Hidden Valley Tank
- Legal & Legislative Meeting of November 9, 2011: 1) Solyndra Bankruptcy; 2) Fluoridation
- Engineering & Capital Projects Meeting of November 17, 2011: 1) Update on the Warm Spring Main Extension Prune to Brown Project; 2) Union Sanitary District Boyce Road Lift Station Project; 3) State Water Resources Control Board Low-Threat Underground Storage Tank Closure Policy

- Water Resources Planning Meeting of November 21, 2011: 1) IRP Update
- Administrative & Finance Meeting of November 28, 2011: 1) Rates Timeline and Update; 2) Bond Issue Timeline and Update

6.2 OPERATIONAL REPORTS

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

6.3 STAFF REPORTS

- Bond Structure Presentation – Mr. Tom Lockhart of Stone & Youngberg, a division of Stifel Nicolaus presented different ways of structuring bond issues to the Board. Discussion ensued and Mr. Lockhart responded to inquiries from the Board.
- San Francisco Water Supply Improvement Program Update Presentation – Mr. Steve Ritchie and Ms. Julie Labonte of San Francisco Public Utilities Commission gave a brief presentation to the Board. Discussion ensued and Mr. Ritchie and Ms. Labonte responded to inquiries from the Board. Mr. B.J. Bunting, a Fremont resident, expressed his thanks to Mr. Ritchie for allowing him to continue with his community garden which was intersected during the construction of the pipeline. Mr. Bunting’s garden is enjoyed by three church groups. Mr. Bunting also expressed his appreciation to Ranger Pipeline for being very accommodating during the construction.

President Huang called a recess at 7:50 P.M. and reconvened the meeting from recess at 8:03 P.M.

6.4 GENERAL MANAGER’S REPORTS

- Mr. Eric Cartwright reported on a letter received on November 28, 2011, from the Local Agency Formation Commission (LAFCO) requesting Sphere of Influence updates and related Municipal Services Review. The information is being compiled and is due to LAFCO by December 16, 2011.
- Mr. Wadlow reminded the Board of the upcoming Special Board Meeting scheduled on December 13, 2011, at 1:00 P.M. – Mr. Ron Davis will be making a presentation on the Sacramento legislative process. It has been noticed as a Special Board Meeting as there will be more than three Board members in attendance.
- Mr. Wadlow announced that on the morning of December 13, 2011, the District will be holding its annual holiday breakfast and welcomed the entire Board.
- Following staff’s discussion with the Board regarding the service charge rate proposal it was noted that there has been recent press on Sonoma County Water Agency increasing its service charge and how the charge remains the same for everyone regardless of water use. Mr. Wadlow distributed “talking points” prepared by staff to the Board for use if

questions are received from the media or constituents. Director Huang requested an electronic copy be distributed.

- Following up on the recommendation from the District's communications consultant, Fiona Hutton & Associates, to summarize key Board decisions for increased transparency to the public, Mr. Wadlow distributed an example of a Press Release for the Board's review.
- Mr. Wadlow expressed his thanks to President Huang for this past year as Board President.

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

- Directors Gunther, Koller, Huang, and Weed reported on their recent attendance to the Association of California Water Agencies Fall Conference in Anaheim, California.
- Director Sethy reported on his attendance to Mr. Bob Wieckowski's informational hearing on November 30, 2011, in San Jose, regarding the Leaking Underground Storage Tank program.

8 – CLOSED SESSION

President Huang adjourned the meeting to a closed session at 8:38 P.M. for conference on the following item:

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

President Huang reconvened the meeting at 8:50 P.M.

9 – OPEN SESSION

9.1 RESOLUTION ADOPTING FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT BETWEEN THE ALAMEDA COUNTY WATER DISTRICT AND WALTER L. WADLOW

At the August 11, 2011 Board of Directors meeting, the General Manager requested to reopen the negotiations of certain provisions in the General Manager's Employment Agreement. The Board designated President Huang and Vice-President Weed as the District's labor negotiators, and the labor negotiators met with the General Manager to negotiate a proposed amendment to the Employment Agreement. District Counsel prepared a First Amendment to Employment Agreement to document the results of the negotiations between the District's designated representatives and the General Manager.

On September 10, 2009, the District entered into an Employment Agreement employing Walter L. Wadlow as the General Manager of the District. On August 11, 2011, the General Manager requested that the Board consider amending the Employment Agreement. The Board designated

the two Board officers as the labor negotiators and the negotiators have met and negotiated with the General Manager with regard to a potential amendment to the Employment Agreement. The District's labor negotiators and General Manager reached agreement on the following amendments to the Employment Agreement, which in essence reduce or limit the General Manager's compensation in exchange for providing retiree medical benefits earlier:

- Salary. Delete the automatic annual salary adjustment that is based on the percentage adjustment provided to management employees of the District, and specify that the General Manager's salary will be adjusted at the sole discretion of the District.
- Deferred Compensation-401(a) Plan. Add a cap of \$10,000 for the District's annual contribution to the General Manager's IRS 401(a) Plan [the current annual contribution is approximately \$12,300].
- Retiree Health Insurance. Provide that the General Manager will be entitled to retiree health insurance benefits effective upon execution of the First Amendment to Employment Agreement, instead of in November 2012.
- Retiree and Survivors' Dental and Vision Insurance. Provide that the General Manager will be entitled to retiree dental insurance and vision insurance benefits effective upon execution of the First Amendment to Employment Agreement, instead of in 2022, and that the General Manager's surviving spouse and dependents will be entitled to survivors' dental and vision care coverage. District Counsel has advised that under current tax laws, because the District's retiree and survivors' dental insurance is provided through a District self-funded program, the retiree and survivors' dental insurance provided to the General Manager will be subject to taxation if the General Manager retires before completing 15 years of service with the District.

All other terms and conditions of the Employment Agreement remain unchanged.

A motion was made by Director Weed, seconded by Director Gunther to adopt a resolution approving the First Amendment to Employment Agreement between the Alameda County Water District and Walter L. Wadlow and authorizing the President of the Board to execute the First Amendment.

RESOLUTION NO. 11-059

OF THE BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER
DISTRICT APPROVING FIRST AMENDMENT TO EMPLOYMENT
AGREEMENT BETWEEN DISTRICT AND WALTER L. WADLOW

The motion was passed by the following vote:

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

Minutes – December 8, 2011

There being no further business to come before the Board, President Huang adjourned the meeting at 8:52 P.M.

Andrew Warren, Assistant District Secretary

Attest:

Judy C. Huang, President