

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
BOARD OF DIRECTORS MEETING
December 18, 2003 – 7 p.m.
Foster City Community Building, Foster City, CA**

MINUTES

1. Call to Order/Pledge of Allegiance/Roll Call – 7: 05 p.m.

Ira Ruskin, Chair, called the meeting to order and led the flag salute. Acting Secretary Art Jensen called the roll. Sixteen (16) members were initially present, constituting a quorum. Additional members arrived after roll call. A list of directors present (21) and absent (7) is attached.

2. Public Comments: None.

3. Comments by Dennis Normandy, President of the San Francisco Public Utilities Commission (SFPUC): Mr. Normandy noted that he was pleased to be the first SFPUC Commissioner to address the BAWSCA board and hoped that this precedent would become a more standard occurrence like the monthly presentations to the SFPUC by Art Jensen, BAWSCA's General Manager. Mr. Normandy stated that the role of the SFPUC is that of water services provider to its wholesale as well as retail customers, serving as the policy-maker to provide the necessary resources to staff to accomplish the organization's goals. He mentioned the need to find the 20 percent shortfall in current water supply, not including the anticipated growth of demand from BAWSCA members. He also expressed the need for transparency and accountability, and more opportunities for dialogue between the SFPUC and its customers.

4. Reports

A. Start-up Advisory Committee: Chair Ruskin reported that Adrienne Tissier, citing scheduling conflicts, had submitted her resignation from the Start-up Advisory Committee and is being replaced by Irene O'Connell. In the absence of Committee Chair Aldyth Parle, Bern Beecham provided the Start-up Advisory Committee Report. Mr. Beecham said the Committee's work is progressing on course and on schedule, thanks to the generous time commitments and variety of expertise of its members.

B. General Manager's Report: General Manager Art Jensen announced that directors had been mailed a revised page of the Rules of the Board containing the necessary correction to the error pointed out at the November meeting. He reported that, with the exception of the Retirement Plan, the employee benefits programs are in place or will be following action by the board at this meeting. The CalPERS Retirement Program requires final action by the board in January. Progress toward December 31 objectives is on target. Each of the results will be reported more fully at future meetings. Referring to the Policy Calendar included in the packet, Mr. Jensen noted that directors may be interested in attending the Suburban Advisory Group (SAG) meeting on January 15. This meeting is required by the Master Contract to provide

a forum for the SFPUC to explain their plans for the regional water system to their wholesale customers and the anticipated operating costs for the coming year. An announcement will be distributed to the board after the time and location are set.

5. **Consent Calendar:** There was discussion about whether some substantive comments by Chair Ruskin on item 5-d had been omitted and whether the reporting of the weighted vote on the motion to continue the item had been properly reported. Mr. Jensen said staff would review the transcript of the meeting to confirm whether changes would be needed.

M/S/C (O’Mahony/Risch; unanimous) that the Minutes of the November 20 Meeting be approved, subject to correction of discussion and the motion of item 5-d as the General Manager may deem necessary.

6. **Action Calendar**

- A. **SFPUC’s Water Demand Projections for BAWSCA Agencies:** Mr. Jensen introduced attorney Allison Schutte and Water Resources Analyst Nicole Sandkulla, who are working closely with staff of the SFPUC on regional water demand projections. Ms. Schutte explained that the demand projections work is being driven by the Environmental Impact Review (EIR) process associated with San Francisco’s Capital Improvement Program (CIP). The EIR process analyzes environmental impacts, feasible alternatives, and mitigation measures. The SFPUC has a 2-track system for its EIR--a Programmatic EIR and a Project-specific EIR. Because sectors of the public have expressed interest in potential environmental consequences and the basis for future water demands, BAWSCA members should expect public scrutiny of their decisions about future water needs. A number of environmental groups have already become actively involved in following the SFPUC’s work on the CIP. Their concerns include 1) increased diversions from the Tuolumne River; 2) the potential for system repair and supply projects to be “growth-inducing”; 3) missed opportunities for aggressive conservation and recycling; 4) inadequate cost-benefit analysis.

Ms. Sandkulla explained that, in order to plan, size and design the projects in the CIP, the SFPUC must have estimates of how much water the regional system will need to provide in the future. The project planning and environmental permitting process must consider alternatives means for addressing those needs, including other sources of supply and conservation. A consultant to the SFPUC, working with staff from the individual BAWSCA agencies, is preparing projections of how much water each BAWSCA agency will need and ensuring that the basis for and results of the projections are consistent with local land use plans and other characteristics of the community. To-date, the SFPUC has held three workshops with BAWSCA member agencies to review their data and has also set up meetings between their consultant and individual agency staff. At present the focus is on population projections and review of total water demands. Later, there will be an evaluation of alternative conservation measures.

Throughout each step of the CEQA process, BAWSCA participation has ensured that the SFPUC's scope of work and approach recognize and respect the autonomous decision-making authority of each water agency and land use entity.

In January 2004 the SFPUC will ask each agency to endorse or concur with the projected total water demand for its service area. In March each agency will be asked to provide initial projections for the amount of the total future water demand the agency currently anticipates it may purchase from the SFPUC's regional water system. Ms. Sandkulla emphasized that these are preliminary endorsements only, because significant unknowns such as the cost of water from the regional water system, the reliability of the supply, and contractual requirements preclude making firm decisions and exact forecasts at this time.

Each BAWSCA member will make its own decision about how and when it informs and involves its governing body. The BAWSCA board will be advised on the decisions and timeframes involved and ongoing progress.

Because BAWSCA is empowered to study regional water supply and demand and to develop plans for projects and programs that can assist members in meeting future water demands, BAWSCA can, and has taken the lead in coordinating this work with San Francisco and its member agencies.

Director Bern Beecham summarized the Start-up Advisory Committee's discussion of this issue, noting that the Committee believes that BAWSCA should play a major role in this process and urges member agencies to participate. The Committee recommends that the Board authorize the General Manager to transmit the individual BAWSCA agency letters of concurrence with the demand projections to San Francisco as a group.

M/S/C (Beecham/Seidel) that the members of the Board of Directors: (a) encourage their respective city, district, or water company to send their agency's letters regarding concurrence with the current water demand projections to San Francisco through BAWSCA and (b) direct BAWSCA to continue to collaborate with San Francisco and to assist the individual agencies in developing, reviewing, and refining these projections.

- B. 1. CalPERS Retirement Plan—Adopt Resolution of Intention:** Mr. Jensen explained that, in order to implement the CalPERS Retirement Plan for BAWSCA employees, the Board must pass a Resolution of Intention. Then in January, the Board will be asked to pass a Final Resolution. BAWSCA can then sign the contract with CalPERS to complete its membership in the CalPERS Retirement System. The benefits in the proposed plan are identical to CalPERS retirement benefits currently provided to BAWUA employees through the Alameda County Water District. Director Weed stated that the Start-up Advisory Committee recommends approval of the item. He also reported that investigation of the cost

of higher retirement benefits such as 2.5% or 2.7% at age 55 shows that these programs would have an employer cost of an additional 5% on top of the current 13.818%, which will be in place through 2006.

M/S/C (Wykoff/Craig; unanimous roll call vote) that the Board approve the Resolution of Intention and authorize the General Manager to complete and submit the resolution and necessary forms for participation in the CalPERS Retirement System.

2. **Survivor Death Benefit Assurance:** Mr. Jensen explained that because of the timing of the final resolution for CalPERS, there is a gap between December 20 and January 19, when BAWSCA employees will actually be covered by the CalPERS Retirement Plan. Legal counsel's review of the impacts of the gap period indicates that all coverage except the 1959 Survivor Death Benefit will be covered through the employees' prior employment with Alameda County Water District. One possible method of covering the 1959 Survivor Death Benefit would be to purchase a special insurance policy on each employee for this purpose. The Start-up Advisory Committee has recommended pursuing this course.

M/S/C (Beecham/Nelson; unanimous) that the Board authorize the purchase of life insurance for employees who would otherwise be entitled to survivor benefits, if determined, in consultation with legal counsel and the Chair of the Board, to be prudent.

3. **SDRMA Property & Liability Insurance Program:** Mr. Jensen explained that the recommended property and liability insurance would protect BAWSCA as a whole as well as its individual directors from claims and settlements arising from their duties or from third-party personal injury, bodily injury, and property damages. The annual cost would be \$5,043, based on BAWSCA's budget as well as risk factors. The existing budget contains \$4,000 for officers and directors' insurance. The remainder of the premium cost could be allocated from the Contingency. Director Weed stated that the Start-up Advisory Committee recommends approval of the action, having a high level of confidence in the stability of the insurance provider.

M/S/C (Beecham/Risch; unanimous roll call vote) that the Board adopt the Resolution authorizing execution of a Joint Powers Agreement and participation in the SDRMA Property and Liability Program.

- C. **Transition of Authority from BAWUA to BAWSCA:** Mr. Jensen explained that the Board was being requested to approve the transition of authority from BAWUA to BAWSCA as established by the BAWUA-enacted amendment to its Bylaws, making BAWSCA the sole member of BAWUA, and to certify its desire for the BAWUA board to submit the amended Articles of Incorporation to the State. As a result of this action, BAWSCA would be able to direct the use of BAWUA's

remaining funds, administer leases and other agreements to which BAWUA is signatory, and control BAWUA's physical assets. The recommended action also requests appointment of the BAWSCA General Manager as the director of BAWUA, serving at the pleasure of the Board.

M/S/C (Beecham/O'Mahony; unanimous) that the Board approve the transition of authority from BAWUA to BAWSCA and appoint the General Manager to act as the director of BAWUA, serving at the pleasure of the Board.

7. **Directors Comments:** Director Seidel suggested that background sessions be provided in advance on the "principles for fair allocation of future costs" included as an item for June 2004 in the Policy Calendar. Director Kasperzak asked whether a separate study session might be considered.
8. **Date/Time/Location of Next Meeting: The next meeting will be held January 15, 2004, at 7 p.m. at the Wind Room, Foster City Community Building**
10. **Adjournment:** There being no further business, the meeting was adjourned at 8:55 p.m.

Respectfully submitted,

Arthur R. Jensen, General Manager
and Acting Secretary

ARJ/GE

Attachments: 1) Attendance Roster

**BAY AREA WATER SUPPLY AND CONSERVATION AGENCY
Board of Directors Meeting
December 18, 2003**

Attendance Roster

Present:

Bern Beecham	City of Palo Alto
Randy Breault	Guadalupe Valley Water District
Robert Craig	Westborough Water District
Mike Goff	Stanford University
Marc Hershman	City of Millbrae
Mike Kasperzak	City of Mountain View
Chuck Kinney	City of Menlo Park
Robert Livengood	City of Milpitas
Peter Nelson	California Water Service Company
Rosalie O'Mahony	City of Burlingame
Lee Panza	City of Brisbane
Tom Piccolotti	North Coast County Water District
Chuck Reed	City of San Jose
Chris Reynolds	Skyline County Water District
Tim Risch	City of Sunnyvale
Ira Ruskin	City of Redwood City
Dan Seidel	Purissima Hills Water District
Louis Vella	Mid-Peninsula Water District
John Weed	Alameda County Water District
David Woods	City of East Palo Alto
Rick Wykoff	City of Foster City

Absent:

Jean Auer	Town of Hillsborough
Roberta Cooper	City of Hayward
Stan Gage	Los Trancos County Water District
Chris Mickelsen	Coastside County Water District
Irene O'Connell	City of San Bruno
Aldyth Parle	City of Santa Clara
Adrienne Tissier	City of Daly City